Price $1.60 per copy

FAR EASTERN ECONOMIC REVIEW

Vol. XIV Hongkong, January 8, 1953. No. 2

THE HONGKONG AND SHANGHAI BANKING CORPORATION.

(Incorporated in the Colony of Hong Kong)

The Liability of Members is limited to the extent and in manner Prescribed by Ordinance No. 6 of 1929 of the Colony.

Capital Authorised .. .. .. Hong Kong $20,000,000
Capital Issued and Fully Paid Up Hong Kong $20,000,000
Reserve Fund .. .. Sterling £6,000,000
Reserve Liability of Members .. Hong Kong $20,000,000

Board of Directors

Hon. Sir ARTHUR MORSE, C.B.E. Chairman,
C. BLAKER, Deputy Chairman,
J. D. ALEXANDER Hon. H. J. COLLAR, C.B.E.
H. D. BENHAM, E. R. Hill,
J. A. BLACKWOOD, Hon. J. H. KESWICK, C.M.G.

HEAD OFFICE:— HONG KONG

Hon. Sir ARTHUR MORSE, C.B.E., Chief Manager

BRANCHES:

BURMA
Rangoon
CEYLON
Colombo
CHINA
Shanghai
DJAWA (JAVA)
Djakarta
Surabaja
EUROPE
Hamburg
Lyons
HONG KONG
Hong Kong
Kowloon
Mongkok
INDIA
Bombay
Calcutta
INDO-CHINA
Haiphong
Saigon
JAPAN
Kobe
Osaka
Tokyo
Yokohama
MALAYA
Cameron Highlands
Ipoh
Johore Bahru
Kuala Lumpur
Malacca
Muar
Penang
Singapore
Singapore
(Orchard Road)
MALAYA (contd.)
Sungei Patani
Teluk Anson
NORTH BORNEO
Brunei Town
Jesselton
Kuala Belait
Sandakan
Tawau
PHILIPPINES
Iloilo
Manila
THAILAND
Bangkok
UNITED KINGDOM
London
U.S.A.
New York
San Francisco

LONDON OFFICE:— 9, Gracechurch Street, E. C. 3

Banking business of every kind transacted.

A comprehensive service as Trustees and Executors is undertaken by the Bank's Trustee Companies in
HONG KONG LONDON SINGAPORE.

Peninsular & Oriental S. N. Co.
British India S. N. Co., Ltd.
Eastern & Australian S. S. Co., Ltd.

will be glad to assist with
Passage and Freight space

To

STRAITS AND CEYLON
INDIA AND PAKISTAN
EAST AFRICA AND PERSIAN GULF
RED SEA AND MEDITERRANEAN PORTS
UNITED KINGDOM AND CONTINENTAL PORTS
AUSTRALIA, NEW GUINEA
AND
NEW ZEALAND

For Further Particulars
Phone or Call

MACKINNON, MACKENZIE & CO. OF HONGKONG LTD.
HONG KONG
AND
MACKINNON, MACKENZIE & CO. OF JAPAN LTD.
KOBE, YOKOHAMA, OSAKA & TOKYO

Agents

Chartered Bank Bldg., P. O. Box 215, YOKOHAMA, Japan
P. & O. Bldg., P. O. Box 113, HONG KONG
Chartered Bank Bldg., P. O. Box 246, KOBE, Japan

Pacific Far East Line, Inc.

FAST REGULAR TRANS-PACIFIC SERVICE

DIRECT
SAN FRANCISCO LOS ANGELES
WEST BOUND SAN FRANCISCO / HONGKONG

OVERLAND
NEW YORK-CHICAGO-DETROIT-TORONTO, MONTREAL AND ALL AMERICAN & CANADIAN CITIES
EAST BOUND HONGKONG / SAN FRANCISCO

Sails San Francisco/ Los Angeles	Discharging Hongkong	Vessels	Voy.	Loading Hongkong	Arrives San Francisco/Los Angeles
——	Jan. 11	s.s. ALASKA BEAR	10 E	Jan. 12	Jan. 30 San Francisco & Los Angeles via Japan
Dec. 30	Jan. 22	s.s. CANADA BEAR	13	Jan. 23	—— Saigon, Singapore, Port Swettenham & Penang
——	Feb. 4	s.s. CANADA BEAR	13 E	Feb. 5	Feb. 22 San Francisco & Los Angeles via Japan
Jan. 16	Feb. 8	s.s. CHINA BEAR	30	Feb. 9	—— Saigon, Bangkok & Philippines

REFRIGERATION • DRY CARGO • CARGO OIL TANKS

SUBJECT TO CHANGE WITHOUT NOTICE.

For full particulars call General Agents, UNITED STATES LINES COMPANY Queen's Building, Telephone 28196

—NETHERLANDS TRADING SOCIETY—

(NEDERLANDSCHE HANDEL-MAATSCHAPPJ, N.V.)
— INCORPORATED IN THE NETHERLANDS —
THE LIABILITY OF SHAREHOLDERS OF THE COMPANY IS LIMITED

BANKERS

ESTABLISHED IN 1824

Capital issued & fully paid ..... Nfl 60,030,000
Reserve fund ..... Nfl 28,000,000

Head Office: AMSTERDAM.
Branch Offices: in all principal cities of the NETHERLANDS, New Guinea, Indonesia and New York.
Representatives: In LONDON.
Affiliated Banks: Societe Hollandaise de Banque et de Gestion, Tangier (Morocco).
De Surinaamsche Bank N.V. Paramaribo (Surinam).
N. V. Edwards, Henriquez & Co.'s Bank Willemstad (Curacao).
Aruba Commercial Bank, Oranjestad (Aruba).
Allied Bank: Banco de Montevideo (Uruguay).
Correspondents: throughout the world.

Offices in Asia

BOMBAY, CALCUTTA, CHITTAGONG, DJEDDAH, HONGKONG, KARACHI, KOBE, OSAKA, PENANG, RANGOON, SINGAPORE, TOKYO, SHANGHAI

Offices in East Africa

MOMBASA (Kenya) DAR-ES-SALAAM (Tanganyika)
NAIROBI (Kenya)

Banking business of every kind transacted

H. A. KNOOK, Manager.

HONGKONG & SHANGHAI BANK • HONGKONG (TRUSTEE) LIMITED •

EXECUTORS
AND
TRUSTEES
FOR THE
COLONY
AND THE
FAR EAST

HONGKONG AND SHANGHAI BANK
HONGKONG (TRUSTEE) LIMITED
Trust Corporation of
THE
HONGKONG AND SHANGHAI BANKING CORPORATION
HONG KONG

THE CHARTERED BANK OF INDIA AUSTRALIA & CHINA

Incorporated in England by Royal Charter, 1853.

Capital, Stock, Authorised & Issued £3,000,000
Reserve Fund £4,000,000
Reserve Liability of Stockholders £3,000,000

HEAD OFFICE—LONDON
38, Bishopsgate, E.C.2.

West End Branch: 28, Charles II Street, Haymarket, S.W.I.
Manchester Branch: 52, Mosley Street 2.
Liverpool Branch: 27, Derby House, Exchange Building.

BRANCHES:

INDIA
Amritsar, Bombay, Calcutta, Calcutta Chowringhee, Cochin, Kozhikode, Delhi, Kanpur, Madras, New Delhi
PAKISTAN
Chittagong, Karachi
CEYLON
Colombo
BURMA
Rangoon

SINGAPORE COLONY
Changi, Seletar, Singapore
MALAYAN FEDERATION
Alor Star, Butterworth, Ipoh, Klang, Kuala Lumpur, Port Swettenham, Penang, Seremban, Sitiawan, Taiping, Teluk Anson

NORTH BORNEO
Jesselton, Kudat (Agency), Labuan (Agency), Sandakan
SARAWAK
Kuching, Miri, Sibu
THE UNITARY REPUBLIC OF INDONESIA
Djakarta, Medan, Surabaia
INDOCHINA
Haiphong, Saigon

THAILAND
Bangkok, Bhuket
PHILIPPINE REPUBLIC
Cebu, Iloilo, Manila
HONGKONG COLONY
Hongkong
CHINA
Shanghai, Tientsin
JAPAN
Kobe, Osaka, Tokyo, Yokohama

NEW YORK AGENCY: 65, Broadway, New York City, 6; N.Y. U.S.A.
HAMBURG AGENCY: Borsenbrucke 2A, Hamburg, 11.

FOREIGN EXCHANGE and General Banking Business transacted.

CURRENT ACCOUNTS opened and FIXED DEPOSITS received for One Year or shorter periods at rates which will be quoted on application.

SAVINGS ACCOUNTS also opened in Local Currency with interest allowed at rates obtainable on application.

The Bank's Head Office in London undertakes EXECUTOR AND TRUSTEE business, and claims recovery of British Income Tax overpaid, on terms which may be ascertained at any of the Branches.

A. J. BIRD,
Manager.

British Overseas Airways Corporation

wish to advise intending passengers to the United Kingdom during Coronation Year that reservations on B.O.A.C. Services should be confirmed as soon as possible.

Many Services are already heavily booked.

Please ensure your firm reservation through your usual Travel Agent or Messrs. Jardine, Matheson & Co., Ltd. (General Agents for Hongkong, China and Macao) at an early date.

BRITISH OVERSEAS AIRWAYS CORPORATION

HKM-027

Travel and ship by

BUTTERFIELD & SWIRE
(Butterfield & Swire (Hongkong) Ltd.)

GRANT

THE MERCANTILE BANK OF INDIA, LIMITED

(REGISTERED IN LONDON, UNDER THE COMPANIES ACTS OF 1862 TO 1890, ON 2ND DECEMBER, 1892)

有利銀行

Authorised Capital	£3,000,000
Subscribed Capital	1,800,000
Paid-up Capital	1,050,000
Capital and General Reserves	1,500.000

Head Office: 15, Gracechurch Street, London, E.C. 3.

Agents in New York: Chase National Bank of the City of New York
Bank of Montreal

Branches & Agencies:

INDIA
Bombay
Calcutta
Howrah
Delhi
Madras

PAKISTAN
Karachi
Chittagong

CEYLON
Colombo
Galle
Kandy
Jaffna

BURMA
Rangoon

MAURITIUS
Port Louis

SINGAPORE

MALAYAN FEDERATION
Kuala Lumpur
Kuantan
Kuala Trengganu
Penang
Kota Bharu
Ipoh
Kuala Lipis

HONG KONG

JAPAN
Tokyo
Osaka

CHINA
Shanghai

SIAM
Bangkok

A. G. DONN, Manager, Hong Kong.

BANKING BUSINESS OF EVERY KIND TRANSACTED
CORRESPONDENTS THROUGHOUT THE WORLD
TRUSTEE AND EXECUTORSHIPS UNDERTAKEN BY THE BANK'S TRUSTEE COMPANIES.

More and more say SAS

You too are a VIP when you fly Scandinavian

To SAS every passenger is a Very Important Person. Those who show their discernment by flying the Scandinavian way, deserve all the comfort and attention they will most assuredly be given. No Minister, no Admiral nor General is more favoured than the ordinary passenger who wings his way with the hospitable Scandinavians.

That's why the pleasure is yours . . . when you fly SAS

SCANDINAVIAN AIRLINES SYSTEM

DENMARK — NORWAY — SWEDEN

FAR EASTERN
ECONOMIC REVIEW

Vol. XIV Hongkong, January 8, 1953 No. 2

CONTENTS

	Page
EDITORIALS	
Economic Outlook for 1953 in the Sterling Area	33
Peace in The Far East	34
China's Two Fronts	36
NOTES OF THE WEEK	
The University Student. Continued Prosperity in America. Ceylon & The Commonwealth. Activities of U.N. Economic Commission for Asia & Far East. HK's Gift to Home Govt.	37
ARTICLES	
An Analysis of Administrative Regions in China	41
Economic News from the United States (E. Kann)	45
Economic Survey of Business & Industrial Conditions of Japan	47
HONGKONG	
HK Manufactured Goods	59
HK Imports & Exports of Textiles	59
FINANCE & COMMERCE	
Foreign Exchange Outlook 1953. Singapore Share Market. HK Commodity Markets. HK Share Market. HK Exchange & Gold Markets. HK Incorporated Companies	62

THE ECONOMIC OUTLOOK FOR 1953 IN THE STERLING AREA

By John Kingsley

The year 1952 has seen the restoration of a balance in the sterling area's payments with the rest of the world and also of a surplus in the international payments of the United Kingdom. The gold reserves of the sterling area at the end of the year are estimated to be about $100 million above the dangerously low level reached in the middle of 1952, even after making the payments due on the American and Canadian loans.

The United Kingdom's exports have recovered somewhat from the low level they reached in the middle of the year, largely because of the recent reversal of the earlier recession in the world demand for textiles. British industrial production and employment have also, it seems, returned to about the level they were 12 months ago, before the decline set in. Although the indications are that most of the recent recovery has been in textiles and other industries catering mainly for the home market, the recent figures for iron and steel output and for car production give grounds for hope that production is rising also in some of those industries upon which depend the United Kingdom's ability to expand its exports.

In short, the industrial picture in the United Kingdom at the end of 1952 was of a high level of employment and production; the trend for 1953 is to ensure that the manpower and the output are primarily devoted to increasing those exports that the world wants to buy. The Chancellor of the Exchequer has said recently that "we have now established a base camp from which we must start the really arduous climb back to security and prosperity." He has also stated that, if the United Kingdom is to maintain her standard of living and, at the same time, to achieve an export surplus of the size that is essential for her future prosperity, United Kingdom exports will have to rise to a fifth above the volume they attained in 1951 (which probably means an even greater increase over the 1952 volume, though the figure for this is not yet known).

This will be no small task in the face of growing international competition, from Germany and Japan, in particular. But without a considerable increase in United Kingdom exports of capital goods, the overseas sterling countries will not be able to expand their production of dollar-earning and dollar-saving commodities which the communique issued after the recent Commonwealth Economic Conference showed to be so essential. The United Kingdom has expressed the intention of shouldering a large share in the financing of these developments in overseas sterling countries, and the City of London has shown its desire to contribute to this task by announcing plans for a Commonwealth Development Corporation which will help to secure finance for important dollar-saving and dollar-earning developments in the overseas Commonwealth. The World Bank has shown interest in this project and has also sent missions to several countries of the Commonwealth.

How far are the favourable changes of the last few months likely to be continued during 1953? The improvement in the gold and dollar reserves

has been brought about largely by reductions in the imports of the sterling countries from the dollar area and from Western Europe. It is to be hoped that 1953 will see a relaxation in the U.K. restrictions against imports from Western European countries, at any rate for many of those which have been hard hit by the fall in their exports to the sterling area in the second half of 1952. In any event, there seems little likelihood of the sterling area earning gold from Europe in 1953 on the scale of the last few months. The improvement in our balance with the dollar area in recent months can only continue so long as the level of activity in the United States does not decline; the sterling area's reserves are still not high enough to withstand even the strain of only a small recession in the United States without a severe crisis resulting.

Fortunately, the immediate prospects are fairly cheering: in particular, the American demand for the two biggest dollar-earning commodities of the sterling area, rubber and wool, has been well maintained recently and their prices have risen somewhat. As the prosperity of the United Kingdom depends to a considerable extent upon that of the other sterling countries and all of them upon the level of American imports of their products, these seem to afford grounds for a cautious prophet to say that the first half of 1953 appears likely to bring a world economic situation that is, at any rate, no less favourable than that of the second half of 1952. But the last few years have shown how changes in the world economic weather can occur very suddenly and rapidly; he would be a foolish prophet, therefore, who would dare to rush in with a longer term prophecy where the Commonwealth Economic Conference rightly refused to tread.

The outlook for 1953, then, will depend largely upon how far the United Kingdom and the other sterling countries can adapt themselves to the demands of the international economic situation. In terms of harsh facts, this means a readiness to forego less important and less economic developments and immediate increases in their standard of living in order to increase their savings and thus release resources for building up essential primary production in these overseas sterling countries and equally the essential capital goods industries in the United Kingdom.

The most striking single economic change in the United Kingdom during 1952 has been the dramatic fall in the level of bank advances to industry. But the disinflationary effect of this has been offset by the equally striking rise in government expenditure upon defence, housing and for other purposes. The transfer of resources to the essential export industries is likely to prove very difficult so long as this state of affairs continues. But perhaps the recently announced slowing down of the rate of expansion of the rearmament programme may permit an increasing amount of savings to be devoted to enlarging the volume of exports and to the no less essential task of maintaining and modernising the British industry.

This year promises us a series of tasks at least as difficult as any we have faced since 1945. The prospects of facing these tasks successfully depend almost entirely upon the realism, energy and enterprise of the Government and the individuals of the United Kingdom and of the other sterling countries.

PEACE IN THE FAR EAST

By A. C. Palfreeman

As 1953 is dawning over the Far East there are many who would despair for on the face of it, peace, prosperity and stability are far, far beyond the horizon. Instead, war and bloodshed, social and political chaos, murder and violence, totalitarian despotism enforced by bloody mass killings are the symptoms of the day, be it in Burma or Korea, Malaya or Vietnam, the Philippines or China, Kashmir or Tibet.

Hundreds of thousands of men are engaged in nothing else but the seeking out and destroying of their fellows. To the millions of Asians, however stoical and fatalistic they may be reputed to be, it must really seem as if Providence has deserted them as well as their rulers.

The detached observer, if such an animal exists, would not call on Providence to explain the Far East today. He would see the Far East as a battleground of ideologies and the peasant in the field as both the subject and the object of the battle. Communism versus Capitalism, or whichever term you wish to use: both are products of Western civilisation and yet both are utterly irreconcilable to each other: both are intrinsically foreign to the philosophy of Asia and yet both are working desperately to make Asia over in their image: both are trying to convince millions of the righteousness of their cause, the justice of their politics, the efficacity of their economics.

The result is the terrifying spectacle of these same millions fanatically killing each other in the defence of an illusion—for it is surely an illusion to imagine that either communism or democracy in their western forms and as preached by their

western proponents are capable of permanent application in Eastern Asia.

And what was the origin of this tragedy, this fantastic battle for the minds of millions, a battle which has brought, and is bringing, untold misery?

It started comparatively harmlessly enough with the Spanish in the Philippines, with Clive in India, with Raffles in the South-East, with Elliott forcing the Pearl River, with Perry in Tokyo Bay. It started with the Tsar pushing eastward to Sinkiang and southward to Vladivostock and Manchuria. With the opening of Japan the openers found they had released forces which they later could no longer control.

But the reason for all this was commerce, a desire to trade; the methods used were aggressive and perhaps unnecessary but the principle was sane enough. Conflict between the Western Powers originated in commercial rivalry. Power politics had as an end the extension of commercial advantage.

To-day the situation is only superficially the same—the Far East is still a battleground for the Powers of western civilisation. But, and it is a big but, the issue has changed; the battle is no longer for markets but for minds; the multitudes are no longer forced, cajoled, seduced to buy, but to believe. The struggle is for power, not as before as a means to an end, but as an end in itself. Commerce and trade and industry have become but part of the means.

Which of the two antagonists is prevailing? It would be dangerously unrealistic to imagine that the free world is doing so. China is lost; Indochina and Burma are seriously threatened; an uneasy stalemate exists in Malaya and Korea. The Communists have at least two weapons of great potency. Their creed has become a fanatical religion in which the means, however criminal and shocking, always justifies the end. In destroying the worship of God it has turned that worship to itself. It means everything to those who believe in it and is therefore a tremendous driving force to which the free world can oppose only a religious faith which is frankly luke-warm and a political faith which by its own individualistic nature is unfitted to whip up enthusiasm, even to defend itself.

Secondly, by an accident of geography, the Communists are centrally situated in a solid land mass; strategically they are a land power whereas their opponents are essentially a sea power; to defend itself the sea power has had to set up a string of bases around the enemy's homeland, chiefly in order to prevent him endangering sea communications.

Defensive measures have therefore come to look very much like offensive measures, and this single fact is a most effective weapon in the battle for minds, for the Communist propagandist can point to the encirclement of the homeland by a hostile power; he has an apparently genuine basis for whipping up patriotic ardour; and in the Far East his propaganda has been rewarded by a large measure of success because these countries have long been resisting the advances of foreign powers.

The chances of peace in the Far East in the near future must indeed seem slim. Peace, of a kind, could be achieved quickly—at a price: the price of accepting the Communist way of life for an indefinite period, or at least until the essential characteristics of the people reassert themselves and overwhelm those of the foreign doctrine as indeed they must eventually. Alternatively, greatly increased support for the free world in its militant fight against Communism might eventually bring about its withdrawal and give the Far East a chance to mould its own political and social system.

Both these alternatives would be at the cost of infinite human suffering. Only the first at the moment seems possible.

There is another alternative—the ideal solution—and although in these days of cynicism and hopelessness the ideal solution is generally despised as worthless, it is the main hope for Asia. Let Asia develop the Asian way—a withdrawal of both opposing groups to allow the philosophy, history, and tradition of Asia to generate and achieve its own social system. The justification for the existence of any system lies in the degree of happiness of the people, and this surely cannot be achieved by importing a system foreign to the native philosophy of life. The future prestige of democracy in the region depends to what extent it recognizes and applies itself to this fact.

It is difficult to understand how the Asian intellectual can argue on the relative merits of Communism and Capitalism, with reference to the Far East, because the origin and raison d'etre of both lie in the economic and social conditions of Western Europe in the nineteenth century, crystallized by contemporary philosophy; conditions which have little in common with present-day Asia.

It will be the task of the truly Asian statesman to take what is good and reject what is harmful both in the principle and the application of both systems.

His biggest obstacle is that his sights must be aimed high—so high indeed as to be apparently unreal—but the higher the sights the greater the hope for the Far East and all Asia, for if the will to achieve is there nothing is impossible, and we have much reason to believe that the will is there, though temporarily obscured under a chaos of ideological illusion.

CHINA'S TWO FRONTS

The public have yet to be told the details of the Chinese National Construction Plan, about which there has been so much preparation and propaganda. No doubt disclosure must await the outcome of the detailed economic negotiations with the Soviet Government in Moscow, now in their third month.

The political side of the preparations for the national construction plan was revealed by Premier Chou En-lai at an enlarged session of the Standing Committee of the People's Political Consultative Conference in Peking on December 24. Speaking in behalf of the Central Committee of the Communist Party, he said that the transition stage envisaged in the Common Programme has now passed. In this stage the PPCC exercised the powers of the All-China People's Congress and "elected" the Government Council, in which it vested authority to exercise the State power. The country is shortly entering a new stage of large-scale planned economic construction, and to carry out the national tasks of the new stage, the All-China People's Congress and local People's Congresses at all levels must be convened at a fixed date. The Common Programme laid it down that the All-China Congress "shall be the supreme organ of State power" and that the congresses of all levels "shall be popularly elected by universal franchise."

Chou En-lai dealt in detail with the domestic and international situation. He claimed that the economic and financial situation had radically changed for the better earlier than was expected, that the period of rehabilitation had in the main ended, and that the period of large-scale planned construction had come. He said that the work of economic restoration and reform had not been interrupted by the struggle in Korea, but on the contrary "had become a mighty patriotic force for mobilising and inspiring people," and had thus ensured and accelerated the successful completion of China's economic rehabilitation. He declared that the experience of the past two years had shown that the Chinese people were strong enough to continue the fight in Korea and at the same time to go forward with large national construction and to obtain "great victories on both fronts."

The system of people's congresses, he went on, will strengthen the "people's democracy" still further and enable the masses of the people to display to the full their "initiative" in national construction. The Premier said the Communist Party suggests that the congresses be called in 1953 and that preparatory work be done on the drafting of the election law and the constitution.

The proposal was duly approved, and whatever apprehensions they may have about their own positions now that the P.P.C.C. is about to go, the representatives of the fellow-travelling parties and groups "described it as correct and timely and conforming to the needs of the Chinese people." This comment was rather more perfunctory than usual, but that was natural enough in the circumstances. The "United Front" policy under which they are tolerated and represented in the Central Government is hardly likely to go unmodified when the new Constitution is enforced.

The Christmas editorial in the Peking People's Daily which coincided with the publication of the Prime Minister's announcement about the national construction plan significantly directed all its guns against the common conviction that continued war in Korea and the construction plan cannot live in the same world, and that the demands of the war would infallibly defeat the other, even if the first stages of the plan are themselves primarily for war purposes.

The mouthpiece of the Government tells the public quite plainly that they are not stepping out of war into peace, but that the two main struggles must go on together. China, it says, is about to enter a new epoch of large-scale national construction "under the same circumstances of resisting the U.S.A. and aiding Korea." The paper said that "we believe undoubtedly that we can win the victory on both sides." It actually goes so far as to say that experience in the past two years had proved that the struggle of resisting America and aiding Korea is "a great dynamic power which drove forward our national construction programmes in all aspects." In other words, war is actually necessary to the revolutionay regime! And yet Peking talks endlessly about "American aggression."

This clear expression of motives and intentions will shock the country, which had been looking forward to the introduction of a construction plan in the expectation that it would coincide with the ending of hostilities in Korea. It is a bitter blow indeed to be told that they must fight on both fronts. The inevitable abuses of "patriotic necessity" have taken various forms already, from the squeezing of practically all private wealth to the wholesale conscription of labour and the regimentation of the entire nation. Nobody disputes the accomplishments of the regime. By comparison with the orderly re-equipment and expansion of industries in the United States, Great Britain and Germany, accomplished without impairing the liberties and rights of the individual, the achievement is spectacular rather than wealth-producing, preventive rather than productive. But by comparison with the neglect of past centuries the achievements of the regime have already, within the short space of three years, ranked it with the greatest era of the past. That remains true, for now as then it was accomplished, in the Communists' own words, "with the sweat and blood of the people." It is literally true that in places they have been "levelling the mountains with bare hands." By this method they quarried the vast amount of stone required for the new harbour at the mouth of the Haiho below Tientsin. No doubt by much the same means new factories will be set up by State planning and industry expanded and developed.

But Peking never deals in actual figures when it refers to production percentages, and the unofficial percentages cited by official news agency propaganda often disagree with the more factual statements of the high officials to the State Council or similar high level bodies. Prodigious efforts have been made by every means to get many hours and infinitely more work out of the workers; but there are many indications between the lines of serious failures, of planning which produces chaos worse than absolute planlessness: of godowns full of goods produced by the factories but with no market, and of consumers of other goods who suffer a complete lack.

For all its lumbering gait, and the evils of bureaucratism with its endless paper and red tape, the new economic machine in China is moving across the whole landscape of China and leaving its impress in almost every domain. But how much more cheerfully the people of China would have regarded the task of construction had the tremendous amount of "peace" propaganda in which the new regime has indulged offered some corresponding and concrete hope that they might begin it with peace in Korea. And, perhaps, also a large-scale demobilization of the huge army and militia force which, with an unprecedented host of officials, the hapless taxpayer has to maintain and support.

NOTES OF THE WEEK

THE UNIVERSITY STUDENT

The Conference recently held at the Home Universities in London as to the reason why a large number of university students fail in their examinations could not apparently find a conclusive answer. It would appear that the reason for the conference, although no facts were given, was that the percentage of "failed" students has reached serious heights; but be that the case or not, it is clear that a large number does not succeed in the examinations and so are faced wfith a serious handicap as regards their future careers.

One speaker declared that students who failed, were people who were unable to cope with life in general; but he did not add that the reason for this inability must have arisen in their early childhood. Investigation and a close survey of grammar school children has apparently been carried out during the past five years, but the answer is still as problematical as before; at least this would appear to be the case judging from the opinions voiced at the conference.

Some comparisons were made between present-day students and those of former days, to the disparagement of the former in so far as their ability to cope with university life and educational facilities are concerned. There is, however, a very wide gap between children of today and those of the thirty or even twenty years ago. The general trend of life today is more rapid and the social as well as the educational demands made upon students are incomparably heavier today than ever before.

One point which the conference delegates appeared to have overlooked is that leisured young men of earlier days received the very best education from early youth; therefore when their turn came to become university students, they were only continuing their normal routine and to judge from the traditions handed down they were better equipped by reason of their mode of life, both physically as well as mentally.

The youth of today has a tough path to follow and he is frequently far too soon burdened by a family with its own growing aspirations and demands. "How can a man study" declared one student, "when he has to live in one room with his wife and baby?" He might in most cases have added, "and with barely sufficient funds to meet our needs." This latter need also forces him to become employed during vacation.

It would appear on the face of it that the universities are not facing the problem quite squarely. The demand for university education is far greater today than ever before and though suitable quarters are listed in university towns for the would-be student to choose from he cannot demand all the facilities he would naturally acquire as a student actually housed in the university quarters. But apart from the inconveniences and sometimes distractions of outside quarters, the chief difficulty today is the constant and apparently increasing demands of every sort made upon students. These are very largely responsible for the problem with which they are faced and unless the home universities are better equipped to meet present needs the falling short of standards must continue. Indeed the difficulty of having to cope with everyday situations and at the same time being faced with the necessity of studying intensively for very hard examinations, must make it almost an impossibility in some cases for students to be able to develop their intellectual abilities to the full.

* * *

CONTINUED PROSPERITY IN AMERICA

Optimism of American consumers, businessmen and investors is running high concerning the U.S. business outlook for 1953. Most economic forecasts now agree that general business activity will remain at a very high level in the United States throughout 1953. Fears of a downward turn in the last half of this year are no longer prevalent. A growing confidence in the future has developed in business circles since the election. The transition between the outgoing and the incoming administrations is being carried out more smoothly than had been anticipated. Businessmen also generally regard President-elect Eisenhower's cabinet choices as exceptionally well qualified experts in their field.

The confidence in the business outlook is evident not only in general comment but also in rising stock prices, a leveling out of the earlier commodity price decline, and planned expeditures for new plants and equipment. Except in wartime, industrial activity has never been so high. Non-agricultural employment, factory workers' earnings, and farm income also have risen to new peaks. Retail sales have been pushed to new high levels by record Christmas season gift purchases. The stock market shows confidence in the future. All three Dow-Jones averages of industrial, railroads and utility stocks climbed to the highest levels since 1930-31. Another measure of the current trend is the capital investment of American business for new plant and equipment. An official survey taken in November indicates that Capital outlays in the final quarter of 1952 and the first quarter of 1953 will reach record annual rates of $28,300 million and $28,700 million, respectively. If present fourth quarter investment plans are realized, capital outlays for 1952 on new plant and equipment will total $26,900 million, or about 2 percent above 1951.

Because defense spending is below expectations, the current business prosperity is based mainly on normal economic growth. The government has learned many effective counter-measures which can be taken against deflationary trends. Business likewise is far better prepared than it was in the early 1930s to resist a depression. Also, there are government and private pension plans and unemployment insurance to cushion a business relapse. Furthermore business has a new sense of social responsibility. It is less likely to begin major dismissals and wage reductions in the face of a little adversity, less likely to panic. It is far more likely to look around for new ways to maintain production than to sit back and do nothing.

* * *

CEYLON AND THE COMMONWEALTH

The following summarises the implications for Ceylon of the conclusions reached by the Commonwealth Economic Conference in London:

(i) Economic Development: Ceylon will press on with development programmes already adopted by Government which have for their object the expansion of food production and the establishment of processing capacity in those lines in which Ceylon can eventually be internationally competitive. These will contribute directly or indirectly to the improvement of Ceylon's balance of payments with the rest of the world. It was in projects of this type that the Conference agreed that development in sterling area countries should be primarily concentrated. Development which would lead to either dollar saving or dollar earning was the main aim of the Conference. Ceylon, however, stressed that development plans should also provide for improvement in the standard of living which, in addition to increasing the happiness of our people, is also a necessary foundation for further economic development; and further that some production, even though not strictly economic, was justified on ground of national security. The Conference accepted these views put forward by Ceylon.

(ii) Sources of Finance: Ceylon will have to rely largely on internal reserves such as domestic savings and budgetary surpluses to finance its development programmes. The conference, however, recognised the important contribution which overseas investors can make to economic development in sterling area countries and agreed that every effort should be made to create conditions which would encourage such investment. The United Kingdom have undertaken to make a special effort to provide additional capital for Commonwealth development by facilitating the financing of schemes in Commonwealth countries which will contribute to the improvement of sterling area's balance of payments. Ceylon stands to gain from inflow of external capital especially when it is associated with managerial competence and technical knowhow. Government hopes to review its attitude to foreign investment and announce its policy in the light of the new proposals in this field.

Ceylon also made it clear at the Conference that a vital source of external finance for its development programme was the sterling assets lying to its credit, and that any prescriptions for strengthening sterling by requiring member countries to be in over-all balance, and thus 'to pay their way as they go', must allow for Ceylon's need to draw down its sterling balance to finance development. This was agreed to.

(iii) Commodity Policy: Ceylon emphasized the importance of stable and economic prices for primary commodities of the kind it exported in providing an assured export income both to finance development and also to promote rising living standards. The conference recognised that there was no one universal remedy for the problem of instability of prices for primary commodities but that each commodity must be considered on its merit. All Commonwealth Governments expressed their readiness to co-operate in considering, commodity by commodity, international schemes designed to ensure stability of demand and prices at an economic level. They also recognised the need for agreed procedure for calling together the Governments concerned to consider emergency action in the event of rapidly developing conditions of surplus or shortage of commodities entering into international trade. Further progress must await discussions and negotiations at international level.

(iv) Imperial Preference: Ceylon opposed the U.K. proposal that all Commonwealth countries should join in seeking release from the "no new preference" rule in the General Agreement on Tariffs and Trade. Representatives of certain other countries also felt with Ceylon that such an approach would not advance the agreed objective of restoring world trade and the Conference was, therefore, unable to support it. The Commonwealth Governments agreed, however, to co-operate with the U.K. Government in an approach to the other contracting parties to the GATT to meet particular difficulties in regard to U.K.'s freedom to impose tariffs on commodities of non-Commonwealth origin without having to impose corresponding duties on Commonwealth goods.

(v) Sterling Convertibility: The Conference agreed that it is important, not only for the United Kingdom and the sterling area but also for the world, that sterling should resume its full role as a medium of world trade and exchange. To this end, the Conference aimed to secure international agreement on the adoption of policies, by creditor and debtor countries, which will restore balance in the world economy on the lines of 'Trade Not Aid' and will, by progressive stages and within reasonable time, create an effective multi-lateral trade and payments system covering the widest possible area. An integral part of such a system is the restoration of convertibility of sterling by progressive stages—in other words, making sterling exchangeable into gold and foreign currencies without restriction. Ceylon strongly supported these proposals, as a multi-lateral trading system which promotes expansion of world production and trade cannot but benefit a country like Ceylon which depends so heavily on foreign trade.

Quantitative Restrictions: An implication of a multilateral trading system, however, is that quantitative import restrictions on which countries have hitherto relied for the purpose of bringing their external accounts into balance should be progressively removed. Countries would have to rely on right domestic policies including fiscal and monetary policies appropriate to the prevailing circumstances in order to balance their external accounts. It was pointed out by Ceylon that the abandonment of all import restrictions as an instrument for redressing a country's adverse balance of payments might impede economic development of under-developed countries. Ceylon further explained that it would have to continue to use its exchange resources in a manner which enabled it to carry out its planned development programmes more effectively and that Ceylon should, therefore, continue to need certain import restrictions for this purpose. This was agreed to.

* * *

ACTIVITIES OF UNITED NATIONS ECONOMIC COMMISSION FOR ASIA AND FAR EAST

Since it came into existence, just about five years ago, the United Nations Economic Commission for Asia and the Far East has travelled a long way and gone through various stages of development. In these years ECAFE has contributed its share towards the strengthening of Asian regional economic consciousness against a world-wide background, to the advantage of Asian and non-Asian countries alike. ECAFE conferences, sometimes flatteringly described as resembling a "Parliament of Asia," have become important meeting places for the discussion of Asian economic problems. It is one of the peculiarities of ECAFE's constitution that through its membership the Commission brings together representatives and experts from Asian and non-Asian countries. And while ECAFE as the economic arm of the United Nations in Asia, has its world-wide roots, it is also rightly considered by the Asian countries as part and parcel of their own region.

ECAFE's activities have developed along three main lines: First, fact-finding, fact-recording and analysis; next, reeommendations for governmental and inter-governmental action; and finally, the rendering of advisory services. More recently, ECAFE has provided facilities for seminars training centres and group visits of Asian exports to foreign countries. Basically, ECAFE's activities are directed to help governments to help themselves. ECAFE is not an operating agency, but it has developed more and more from study and research—though these continue to be an important part of its activities—to concrete action. It is in the nature of things that such action can only be recommended by ECAFE, whilst decision and execution rest with governments. Over a number of years now ECAFE experts, either members of ECAFE's own secretariat or specially recruited consultants, have visited the countries of the region, at the invitation of the governments concerned, to carry out short-term assignments (long-term work of this sort falls into the province of the United Nations Technical Assistance Administration and the various UN specialized agencies, with all of whom ECAFE maintains close co-operation). ECAFE experts have been engaged in fields of industry, flood control, trade and finance, transport, and research and statistics.

ECAFE's original task, to give aid to Asian war-devastated countries, was soon replaced by a larger and permanent mandate, the reconstruction and development of the region, and the maintenance and strengthening of the economic relations of Asian countries, both among themselves and with other countries of the world. However, before ECAFE could embark on questions directly connected with economic development of the region, the statistical

The development plan was laid out by the Economic Stabilization Board and Public Utilities Commission starting from 1951. The plan aimed at the acquisition of 48,000,000,000 KWH annually at the end of 1955. It envisages an increase of capacity by 6,107,000 KW with funds of approximately Y660,000,000,000. Of these, it is anticipated that about 3,300,000 KW of capacity will be made available actually to contribute to power generation expansion by 1956. Of the increased capacity expected by 1956, hydropower accounts for 2,945,000 KW. The peak of fund spendings is estimated at about Y449,200,000,000 for the first phase of the plan ending 1953 including nearly Y120,000,000,000 for 1952. Investments of such large funds every year will exercise a big influence upon related industries, bringing an expectation for the possibility of such undertaking proving to be a more effective measure for relieving Japan from the current depression than what is benefited by the increase of power output.

The persons who will be in direct charge of the construction of power generation plants will be general contractors and generator manufacturers. As an average Y200,000,000,000 of funds will be invested every year, it is expected that general contractors, particularly contractors for heavy constructions, would enjoy a boom for several years to come. Primarily in Japan, power plant of canal-type ruled in number, but in view of its output being influenced by precipitation, requirements for reservoir-type dams would result in brisk demands for construction works of dams. Hitherto, general contractors have continuously been harassed by bad business due to a small volume of works as against their actual contracting capacity. Admitting that the volume of works would show an increase because of the proposed construction of power plants, it is strongly urged that general public works contractors complete the dam construction speedily by the use of modern equipment.

The development of power resources has just initiated its program. With steady progress of the works, it will soon become an important factor for brisk business at home as an economic reaction to big-scale construction works. As the development of power resources will require funds of more than Y660,000,000,000, it may be said that success or failure of the plan would hinge on whether or not such tremendous funds can be procured successfully.

CHEMICALS - Japan

Fertilizers

Strenuous efforts were made to increase the production of fertilizers in order to secure food through rehabilitation of the war-devastated land. The fertilizer industry was given priority as well as coal industry and iron and steel industry in allocating funds, materials and power. The production targets of 2,000,000 tons set for nitrogenous fertilizer and 1,500,000 tons for phosphoric were attained in 1950. Then followed in August, the same year, the removal of price and distribution controls placed up to that time. Below we would treat on ammonium sulphate, calcium cyanamide, calcium superphosphate and potash fertilizers.

Ammonium sulphate: Blessed with the favourable power supply situation, the output of ammonium sulphate in the January-June period in 1952 amounted to nearly 935,000 tons. The output of 170,000 tons in May, the highest postwar record, was followed by practically the same figure in June. At this rate, it is expected that the 1952 output would exceed by far the 1951 figure of 1,600,000 tons.

But efforts should be made in balancing the domestic supply and demand and promoting the export to operate fully the annual production capacity of 2,650,000 tons.

Despite such an increase in ammonium sulphate production, the industry circles are now worrying about proper measures to cope with a fall in prices and swollen stock, which began to increase in February, 1952.

For the period of last autumn through the beginning of 1952, demands were generally brisk and prices went on soaring. It was because there were general prospects for higher quotations for future months combined with a power shortage then afflicting the industry. The market price per ton ranged from around Y22,500 ($62.60) in September, 1951 to Y26,600 ($74.00) in January, 1952. Demand went far ahead of supply. About mid-February, however, shipment was stopped suddenly. Prices began to look downward and the market saw no move of shipment even in April and May when the fertilizer used to be most in demand. Stocks at the end of June accordingly stood at 200,000 tons which would show a still bigger figure, if stocks at intermediate agencies were added.

Price fall also was striking with market price as of June 30 representing Y24,500 ($68.00) (Note: This figure indicates an average of standard market prices as investigated by the Agricultural and Forestry Ministry. They vary according to districts).

Japan's fertilizer industry has been destined since oldtime to give priority to domestic demands. It, therefore, has been necessary to meet domestic demands beforehand in order that exports may be given permission. In spite of the fact that there was a possibility of exporting at every profitable prices up to the beginning of 1952 in response to a big demand for Japanese fertilizers from the Southeast Asian area, yet it was very difficult to obtain actual export contracts. In contrast, for instance, with the foregoing market prices, quotations of $82 for the Philippines and $79.50 for Formosa in January, 1952, were evidently profitable rates. Except for a few cases, manufacturers' interest or desire for export, however, was always held back under an idea that exports would have a bad effect on domestic demand and bring about a rise in domestic prices.

With the turn of the current year, the ammonium sulphate production has shown a favourable tone. Calcium cynamide production, as stated below, is also improving. The nation's domestic demand of chemical fertilizer is figured out at roughly 2,000,000 tons in terms of nitrogenous fertilizer. Consequently, there will be a surplus of approximately 400,000 to 500,000 tons if the production is continued at the present rate. Meantime, the recent increase in stocks is bringing heavy pressure to bear upon fertilizer manufacturers, and convincing them of the fact that the fertilizer industry, particularly the ammonium sulphate industry, cannot hope for its development without recourse to export. Finally, the Government has recently approved the export within the current fertilizer year (from August 1952 to July 1953) of 150,000 tons in addition to the limit of 100,000 tons originally set for 1952.

While Japan is witnessing such developments in her internal affairs, European countries have developed the export market of ammonium sulphate in the Southeast Asian area. Reduction of freights by shipping firms diminished the advantageous position Japan had held geographically. The result was that the Japanese exporters of fertilizers failed at an Indian international bid held following the increase in export limit. Japan only had her tender for 10,000 tons accepted at the second bid. The price offered was $72.80 c.i.f. or around $69.30 f.o.b. representing a $10.00 drop compared with quotations at the end of 1951. The time is gone when fertilizer export was a profitable business, with export prices now being exactly the same as domestic levels. Prices of recent shipments to Formosa

have been marked down to $65.00 f.o.b. The ammonium sulphate industry of Japan is now confronted with the keen necessity of bracing itself up to stand export competitions in the Southeast Asian markets by rationalization as well as by lowering of costs through increased production.

Thus, Japan is taking her course towards changing the original policy of giving priority to domestic demands and limiting exports. If time is taken by the forelock, there would still be a possibility of exporting on a profitable basis. Should the abovesaid production capacity of 2,650,000 tons be operated fully, Japan would be able to export 1,000,000 tons of ammonium sulphate. Also it would be possible for her to answer the entire demand from Southeast Asian countries. The full operation of production facilities would bring about a far lower cost than the present level, leading to the reduction of both export and domestic prices, thus ensuring a market for Japanese ammonium sulphate.

Calcium Cyanamide: Calcium cyanamide is in different status compared with ammonium sulphate and calcium superphosphate which since the beginning of 1952 have been harassed by reduced prices and increased stocks.

Demand for calcium cyanamide is strong, with a greater supply through increased production being sought throughout the country.

In Japan there is a tendency of time-worn rice-field increasing every year. On top of it, the country is covered by acidic soil over a widespread area. The Government, therefore, is earnestly encouraging the use of non-sulphuric acid compound fertilizers, passing a bill on the mould conservation law at the recent session of the Diet.

Calcium cyanamide thus has a rosy picture for its future availability, now that its alkalinity has been proved to be best fitted for fertilizing worn-out rice-fields as well as for the improvement of acidic soil.

In the meantime, calcium cyanamide output in 1951 drifted down to 395,000 tons in contrast with 426,000 tons in 1950. Major factors behind such production decrease were power restrictions due to abnormal dearth of water in the summer of 1951 and increased demand for organic compounds manufacturers of calcium carbide which was responsible for a short supply of calcium carbide as a material of calcium cyanamide production.

Under the circumstances, output in 1951 was figured at 395,000 tons, a considerably smaller volume than 480,000 tons estimated for actual demand. Coincidentally, prices of raw materials looked up, contributing to bring about a firm tone on the calcium cyanamide fertilizer market. This contrasts with ammonium sulphate and other fertilizers whose prices have been running downhill since the beginning of this year. Actually as 70 percent of the annual demand from rural communities centers in the spring period, calcium cyanamide dealers were swamped with deliveries up to about May. Still now their business is continuing to be prosperous. The demand in 1952 is estimated at 550,000 tons as against 500,000 tons set for production target. Whether or not the target is attainable depends upon power supply. The production for the January-June period is improving with the output reaching about 246,000 tons and the per ton price quoted at around Y28,700 at the end of June.

It is expected that this price would be marked down further with the approach of the season when the fertilizer is less wanted, but reflecting the above demand and supply position, the market, nevertheless, is strong with higher quotations for future months in prospect. Besides, rationalization of plant facilities now steadily progressing is contributing to production increase, as well as modernization and intensified efficiency of electrothermal furnaces for carbide production. Granulation also has facilitated greatly the use of calcium cyanamide.

Calcium Superphosphate: Japan depends entirely on imports for the acquisition of phosphate rock which is raw material for calcium superphosphate production. Accordingly import is the biggest factor to influence the production and price of calcium superphosphate. Subsidies were granted to phosphate rock imports even after decontrol on fertilizers in August, 1950. In July, 1951, official prices were again instituted on superphosphate to control its price which began to soar due to high cost of imported ore. It was after August, 1951, when price controls and subsidy on phosphate rock were rescinded that free-prices were resumed. The immediate result was a big increase in prices which took place in the autumn of 1951. Production increase over programs followed in its footsteps. With the turn of the current year, oversupply cropped up to eclipse production. Export was heavily slackened as a result of a suspension of shipments for Formosa.

Viewed in the light of prices, there has no longer been any possibility of export contract since export inquiries have called for the per ton price of $35 to $36. These circumstances have compelled manufacturers to carry out a voluntary 20 percent operational cut since March, 1952. The monthly output which showed the highest postwar record of 150,000 in December 1951 and over 140,000 tons in January and February 1952, dropped to 100,000 tons in April and May and finally broke the 100,000 ton level in June. Moreover, demand also dipped, with factory stocks swelling to 160,000 tons at the end of March and 210,000 at the end of May from 90,000 as of January 31, 1952. Stocks at the end of June still remained at 200,000 tons, though showing a slight decrease.

Actual production volume figured out at approximately 710,000 tons for the period from January to June, 1952. As a result of heavy pressure of payments for phosphate rock on calcium superphosphate manufacturers, some of them sold at loss their products. Prices dropped to Y12,800 per ton at the end of June. This contrasts sharply with Y160,000, a national average level prevailing in January, 1952, according to a survey of the Ministry of Agriculture and Forestry.

Stocks of phosphate rock now stands at 300,000 tons odd corresponding to four-month supplies and the current quotations have fallen below the prices of inventories due to reduced freights and other factors. The Government then launched out on a series of administrative measures such as purchases by the Government allocation of funds, operational cut, adjustment of supply of materials. The measures have already taken effect and it seems the market has reached the bed-rock, though there is little hope of its rapid recovery.

Potasl. fertilizer: As for potash fertilizers, which mainly depend on imports for the nation's requirements, various measures were centered around disposal of stockpiles for the past one year. Stocks in August, 1951, were as large as 142,000 tons—125,000 for potassium chloride and 17,000 for potassium sulphate. Later as suspensive measures of imports were taken, stocks soon began decreasing, accounting for about 60,000 tons as of the end of June, 1952.

Deliveries for the January-June period totalled 93,000 tons, including 55,000 for potassium chloride and 38,000 for potassium sulphate. Stockpiles are now on the decrease as a result of the decision suspending new imports of potassium. Potassium, accordingly, is the only fertilizer now maintaining a strong tone on the market, while others

generally are dull. As of the end of June, quotations are around Y23,680 per ton for potassium chloride and about Y30,900 for potassium sulphate.

However, due to an overall decline in ocean shipping freights, prices of potash fertilizers on the international market are now quoted eight to nine dollars cheaper than those inventories. Hence a measure decided to import 100,000 tons of potash fertilizers with the foreign currency budget allocated for the period up to next March. The measure undoubtedly aimed at the reduction of prices by importing afresh an appreciable volume of the fertilizers and pooling them together with the inventories.

Others: Below we would add some more paragraphs to explain about fused phosphate, calcined phosphate and urea. As described in the foregoing chapter on calcium cyanamide, use of non-sulphuric acid compound fertilizers has been encouraged recently in this country. Fused phosphate and urea are fit for this fertilization. Meantime, in view of the fact that in Japan 80 percent of sulphuric acid is used for fertilizers, it is desirable that production of these chemicals should develop in order to save the consumption of sulphuric acid.

The industrial production of fused phosphate which began about 1949 has been pursued by four companies now operating on an electrothermal furnace process and one company on a coal furnace process. Their monthly production capacities are still low at 500 to 1,500 tons. As for calcined phosphate, a factory with a monthly production capacity of 10,000 tons is now under construction, while fused phosphate was produced to the amount of about 61,000 tons in 1951. Output for the January-June 1952 period is estimated at 46,000 tons.

The production of urea, though on a small scale, began in 1937 in Japan. After a lapse of ten years without seeing any progress in production, Japan began to turn out monthly more than 1,000 tons of urea for the first time in August, 1947. The output of urea both for fertilizers and industrial purposes amounted to 16,500 tons in 1950 and 32,600 tons in 1951. Almost all of these quantities were for fertilizers. Output for the January-June 1952 period amounted to about 28,000 tons, of which 26,000 tons were appropriated for fertilizers. With a project for expansion of urea producing facilities expected to be realized from this year to 1953, Japan's urea output would show a remarkable increase.

Pharmaceuticals

The postwar pharmaceutical production in Japan did not satisfy domestic demands until 1948. It has advanced remarkably since then, especially its development since the outbreak of the Korean war being striking. Recently, however, there has been a turn for the worse, with overproduction and the holding of stockpiles. Therefore, efforts are being made to expand the exports of pharmaceutical goods because further domestic demand is not expected.

Penicillins are a typical pharmaceutical of the industry in its present situation. The output in 1946 was only 45,000,000 units, which were produced by means of vial culture. It increased remarkably to 7,495,530,000,000 units in 1950, and to 16,211,900,000,000 units in 1951. The vial culture method has been largely superseded since 1948 by tank culture, which has been adopted instead by almost all manufacturers. Consequently, penicillins, which were the most precious of all pharmaceuticals only five years ago, can at present be easily obtained by most people in our country. The amount of production ranks second only to that of the United States (where the production far exceeds that of any other country). Penicillin production in our country now exceeds the amount of domestic demand, so the industry must find an outlet for its products in overseas countries.

With the establishment of the penicillin industry, great advances have occurred in antibiotics chemistry in our country including the production of streptomycins and other antibiotics. The production of these chemicals has likewise recently entered into the field of mass production, thus sufficiently satisfying domestic demands. Moreover, the penicillin production in our country in 1952 is even further exceeding that of 1951, the monthly production amounting to approximately 2,300,000,000,000 units. The market price of water penicillin is Y120 per 300,000 units and that of oil penicillin is Y450 per 3,000,000 units.

Tar Products and Synthetic Dyestuffs

1. Tar products

The remarkable development of the tar and tar products industry in Japan has been made possible by the development of the iron and steel industry as one of the main industries in our country. In the case of some tar products overproduction has already occurred. In the case of all tar products the 1951 production exceeded that of 1950. This included an increase of 35 percent in the production of coal tar, of 38 percent in benzene, of 6 per cent in solvent naphtha, and of 6 percent in pure toluol. The preliminary estimates for the first half of 1952 showed an average monthly production of 350 tons of coal tar, 2,000 tons of pure benzene, 370 tons of solvent naphtha, and 300 tons of pure toluol.

The plant inventories so increased that, when compared with the same period of 1951, the trend toward overproduction is apparent. In the case of pure benzene, for example, it is difficult to consume the present output in our country unless 20,000 tons of dyestuffs are produced annually. It is desirable that exports of aniline, synthetic phenol and DDT be expanded hereafter, in order to offset to some extent the heavy stockpiles of dyestuffs.

The sharp decline in prices of tar products calls for careful consideration. The market prices of these products in June, 1952, compared as follows with their highest prices during the preceding year.

	June 1952	Highest 1951 price
Pure benzole	Y60	Y110 (March)
Toluol	Y65	Y165 (March)
Solvent naphtha	Y62	Y 95 (May)
Pure naphtalene	Y62	Y 75 (May)
Creosote oil	Y18	Y 22 (September)

(Prices per kilogram)

2. Synthetic dyestuffs

Before the Second World War Japan was one of the countries engaged in the mass production of synthetic dyestuffs, together with Germany, the United States of America and the United Kingdom. She exported considerable amounts of synthetic dyestuffs to the Asiatic area. But World War II severely affected that industry in our country and destroyed its production facilities. The amount of production in 1945 was just 2 percent of that of 1939, when the highest output of dyestuffs in our country was recorded. This industry has been gradually regaining its prewar productivity since then, with production reaching 9,000 tons in 1950 and 14,000 tons in 1951. The latter amount was 50 percent of the production in 1939. During this period, our dyestuffs industry was influenced by the boom in textile industries which occurred as a result of the Korean war.

This activity in the dyestuffs industry continued to the first half of 1951. However, sales of its products dropped off sharply as soon as the depression began in the market for cotton goods and also in the staple fiber, rayon and woollen goods industries. Stockpiles are still on the increase. In addition, the embargo on trade with Communist China has been enforced since the end of 1950. It has severely affected the dyestuffs industry, 80 percent of the products of which were formerly exported to that area. The average monthly output of this industry during the first half of 1952 was between 900 and 1,000 tons and its stockpiles at the end of June amounted to about 2,000 tons. The market prices for its products are at present very low as a result of sacrifice sales in order to secure needed funds.

Alkalies

The heavy alkali industries in Japan experienced a period of great activity from the outbreak of the Korean war until the summer of 1951, together with the boom in related industries. This led to overproduction, however, and there has been a general decline in market prices since then. This decline was the result of the combined effects of a general slump in Japan's economic condition and depressed conditions in the synthetic fiber, pulp, oils and fats, and glass industries. This condition has been especially serious since the beginning of 1952.

Stockpiles have increased remarkably despite all the verbal agreements for operational reductions. However, the lowest point seems to have been reached, and there are now some signs of improvement. The output and stockpiles of the principal products of the heavy alkali industries in Japan since the beginning of 1950 have been as follows.

		1950		1951		1952 (Jan.-June)	
		Production	Stockpiles	Production	Stockpiles	Production	Stockpiles
Caustic soda	Electrolysis process	118,955	3,052	160,460	7,632	74,976	5,099
	Ammonia process	75,648	1,603	173,460	6,867	57,997	18,627
	Total	194,603	4,655	333,920	14,499	132,973	23,726
Soda ash		165,375	3,091	227,734	6,116	95,973	8,470
Chlorine (35 percent HCL)		131,937	1,928	161,063	7,831	68,026	8,321
Bleaching powder		49,740	680	62,436	3,081	26,996	1,922

The caustic soda industry and the soda ash industry were under Government restrictions regarding prices and the distribution of their products during the war and most of the postwar period. The ending of these restrictions came in April, 1951, after eleven years of limitation. Increases in domestic demand together with the special procurement purchasing by the United Nations armed forces and the export activity which followed the outbreak of the Korean war stimulated increases in the demand for soda products and chlorine products, from April, 1950 to the same month in 1951. In addition, a salt shortage resulting from the stopping of salt imports from Communist China further aggravated the supply demand situation. Consequently, our country was forced to obtain salt from distant areas. Thereafter, however, the imports of salt were very favorable. The boom in these industries continued until July, 1951, even after the ending of the soda product control.

In May, 1951, there was a total output of 30,500 tons of caustic soda, 21,500 tons of soda ash, and 17,520 tons of chlorine products. The figures for June, 1952, indicate that 20,800 tons were produced of caustic soda, 15,300 tons of soda ash, and 11,200 tons of chlorine products. The latter figures show substantial decreases from the former, but the stockpiles for June, 1952, were nevertheless increasing over those of May, 1951.

Although the above stockpile increases were noted in June 1952, they have been gradually decreasing since then. The market prices in June, 1952, for each product show a sharp decline from those of May, 1951.

	May, 1951	June, 1952
Caustic soda (liquid; 97 percent NaOH, per kilogram)	Y 67	Y 58
Soda ash (per kilogram)	Y 59	Y 53
Chlorine (per 30 kilogram container)	Y600	Y200
Bleaching powder (ordinary; per kilogram)	Y 23	Y 11

The weak point of our heavy alkali industries is their complete dependence upon overseas countries for salt. As their products must supply related industries, they are most important of the heavy chemical industries. They are constantly affected by the overseas supply situation. The high cost of our soda products is the result of the high prices of imported salt. This is the greatest weakness of our heavy alkali industries. The price of salt, which was about $20 per ton at the beginning of 1952, has recently declined to about $12-$13 due to the reduction of shipping costs. These circumstances have resulted in lower future quotations for soda products, which have caused buyers to refrain from buying and stockpile increases along with a price decline. At present, Japan has four plants for ammonia process caustic soda production and forty plants for production by the electrolysis process. The rate of their operations is now as low as 50 percent. However, the ammonia process caustic soda plants are being rationalized by means of equipping their facilities for the production of cement, ammonium chloride, and caustic soda by the electrolysis process. The electrolysis process caustic soda industry is likewise converting some of its facilities to vinyl chloride production and the production of other chemicals.

Organic Chemicals

1. Methanol

The output of methanol in 1950 exceeded the previous highest production of 22,550 tons which occurred during 1943. In 1951, it increased yet further to 25 percent higher than the production of 1943. Japan at present has five methanol producing plants and three additional plants under construction. The total production capacity will be 4,800 tons a month when the new plants under construction are completed. Most of the methanol plants in our country are operated in conjunction with ammonium sulphate plants in order to utilize the carbon monoxide by-product of these plants. However, one of the three new plants now under construction will use natural gas in order to produce methanol. The demand for methanol in our country now appears to be smaller than the production capacity. This may cause a decline in the rate of production which would result in higher production costs. The output of methanol from January to June 1952 was approximately 16,000

tons, which was a slight increase over that of the same period in 1951. At the beginning of 1952 the monthly production was 3,000-3,500 tons, but recently it has been lower than 2,000 tons. This has not resulted in either increase or decrease in stockpiles. During the first half of 1952 the price of methanol was stationary at Y11,000 per drum of 150 kilogram.

2. Formalin

With the development of the synthetic resin industry, the production of formalin in our country has sharply increased. The 1951 production was 66 percent higher than that of 1950. Japan has at present eight formalin manufacturing plants, the total production capacity of which amounts to approximately 3,400 tons a month. The January-June output in 1952 was approximately 11,500 tons, which was lower than the 13,000 tons produced during the same period in 1951. The synthetic resin producers in our country have recently been marking time; therefore, it caused a slight decrease in demand for formalin. The highest monthly production so far in 1952 was 2,300 tons in March. Since then it has declined, amounting to no more than 2,000 tons in any of the months since April. The present price is Y1,500 per container of 20 kilograms, which is lower than that at the beginning of 1952.

3. Acetic acid

The acetic acid production in Japan during 1951 amounted to 21,000 tons. This exceeded the previous highest level which occurred in 1931. The total monthly production capacity of the seven existing acetic acid manufacturing plants is 2,900 tons. The production from January to June 1952 was approximately 10,000 tons. The demand from the synthetic fibers industry was lower than had been expected, due to the inactivity in vinylon manufacturing.

4. Carbides

Carbide consumption in the acetylene-using synthetic products which have been mentioned above has increased each year. Approximately 20 percent of the total carbides production of 490,000 tons in 1951 was used in organic synthesis. With the development of vinyl resin, and synthetic fibers, there has been an increasing trend in the total consumption of carbides. However, the largest part of the total carbides production is still used in the manufacture of calcium cyanamide fertilizer.

Pulp and Paper

I. The present Situation

The pulp and paper producers in Japan have been increasing their production capacity since the war, as is shown in Table I, because of the extraordinary boom in these industries in our country and the influences of the of the world development of the production capacity in pulp and paper industries. However, after reaching the peak, the demand has levelled off because inactivity in the artificial fiber industries and in the sales of paper products have resulted in the unbalance of supply and demand. Overproduction appeared in both pulp and paper industries during the summer of 1951 and these industries have experienced a bear market thereafter. The prices of pulp and paper have declined from the high point reached during the summer of 1951, reflecting the unbalance in the supply-demand situation. They have been declining even more in 1952, becoming lower each month. Pulp prices during June were about 30 percent lower than those of the highest point in 1951. In the case of the products of the paper industry, the prices of European style paper and the paperboard during the same month showed about a 20 percent decrease from those of 1951. Despite the price conditions, however, production in the paper and pulp industries in our country still appears to be gradually increasing. As is shown in Table II, pulp manufacturing during June, 1952, was 10 percent higher than the average monthly output of the previous year and the June production of the paper industry was 12 percent higher than the average monthly output during 1951.

Table I

(a) Equipment Capacity of Pulp Industry in Japan

Year	Domestic	Former overseas territories	Total	Percentage
1941	898,000 long tons	525,000 long tons	1,424,000 long tons	100
1946	671,000 ,,		671,000 ,,	47
1951	1,367,000 ,,		1,367,000 ,,	96
1952	1,527,000 ,, (estimate)		1,527,000 ,,	107

(b) Equipment Capacity of the Paper Industry in Japan

Year	Domestic	Percentage
1947	2,410 million lbs.	100
1951	3,178 million lbs.	133
1952	3,320 million lbs. (estimate)	137

Table II

(a) Pulp Production in Japan during June, 1952

Type	June output	Percentage of May output	Percentage of average monthly output from Jan. through May	Percentage of 1951 average monthly output
Ground pulp	40,716 tons	102	101	106
Sulfite Pulp	26,025 ,,	92	95	115
Rayon pulp	16,647 ,,	127	109	118
Kraft pulp	11,653 ,,	103	112	156
Alkali pulp & and other types of pulp	3,392 ,,	88	70	54
Total	98,433 ,,	102	100	110

(b) Paper Production in Japan during June, 1952

Type	June output	Percentage of May output	Percentage of average monthly output from Jan. through May	Percentage of 1951 average monthly output
European style paper	150,727 tons	99	107	116
Paperboard	58,411	106	101	115
Machine made Japanese paper	31,739	102	97	94
Total	240,878	101	105	112

II. Outline for the Future.

As has been indicated, the paper and pulp industries in Japan have been marking time since January, 1952. Inventories in both industries have tended to be large owing to the inactivity in the rayon, staple fiber and paper markets. The chief problem in the future will be the overproduction of rayon pulp, which it is estimated will amount to about 2,000 tons monthly assuming that the production of rayon and staple fibers in our country does not decrease hereafter from the January through July, 1952, monthly average of 30,500,000 pounds. It is expected, therefore, that the pulp producers will increase their production of sulfite pulp by about 2,000 tons, the amount of the excess rayon pulp production, and correspondingly reduce the amount of rayon pulp production. However, the increased production of sulfite pulp, which will result in an ending of the overproduction of rayon pulp, will at the same time create problems for the sulfite pulp industry. It is hoped, therefore, that better steps will be taken to correct this situation. It will be really difficult, however, for Japan's pulp manufacturers to solve the problem of a monthly overproduction of 2,000 tons of rayon pulp, unless the sizable imports of foreign pulp (which is of superior quality and lower in price) are stopped, or the monthly production of rayon and staple fibers hereafter amounts to more than the July, 1952, output of 35,500,000 pounds. The price of rayon pulp for

the second quarter of 1952 was fixed at Y37—38.3 per lb. in accordance with an agreement between the pulp producers and the synthetic fiber manufacturers. However, the fixing of the third quarter's price for rayon pulp is expected to be more difficult because of the supply-demand situation described above. It is not probable that the pulp producers will agree to the artificial fiber manufacturers request for a lower price because of the fall in prices of textile goods. Therefore, the price of rayon pulp may not be changed for the time being. The pulp manufacturers in our country have been steadily rationalizing the production of pulp. They have achieved fine results in improving the utility of broad-leaf woods and in increasing the production of semi-chemical pulps.

Synthetic Resin

The synthetic resin industry is one of the industries in Japan which has experienced a remarkable development during the postwar period.

The development of the polyvinyl chloride industry has been especially noticeable. It has been caused mainly by our country's self-sufficiency in carbides and chlorine materials. The total output of polyvinyl chloride was 1,000 tons in 1950 and more than 4,000 tons in 1951. It is estimated that it will come to 2,800 tons for the first half of 1952.

The Nippon Geon Company, which is jointly owned by the Nippon Light Metals Company and the Geon Chemical Company of the United States, has recently begun production. The Nippon Chemical Company and the Monsanto Chemical Company of the United States have joined to establish a new company named the Monsanto Chemical Company. It is likewise producing polyvinyl chloride. The present total monthly production capacity of both companies is more than 1,000 tons.

Polyvinyl chloride is now used chiefly to make substitutes for textiles, rubber goods and hide and leather goods. It has improved remarkably in quality, which has extended its field of uses both as a substitute and as a new material and has greatly increased its marketability. If the production of polyvinyl chloride increases sufficiently and its cost decreases, the demand will easily amount to 13,000 tons during 1952. Industrial circles, now believing that the demand for it may rise to as high as 25,000 tons within the next few years, are talking about the necessity for greatly increased production. There are some problems, however. These include difficulties in the obtaining of additional capital funds, problems in the processing industries which produce the by-products from which polyvinyl chlorides are made, problems of consumer acceptability, and, most serious of all, difficulties in obtaining the necessary carbide, raw materials, the production of which is restricted because of the electric power shortage. Nevertheless, it is believed that the polyvinyl chloride industry in Japan will develop greatly in the future despite these problems.

The market price of polyvinyl chloride was Y500 per kilogram during the first half of 1951, but it declined since then and in June, 1952, was about Y360. This was because of the decrease in costs together with increased production and increased stocks on hand.

The production of dioctyl phthalate and tricresyl phosphate, both of which are plasticizers and materials for polyvinyl chloride, increased considerably in 1951 because of the need for these products. However, the opening of new plants producing various kinds of plasticizers, the development of the production of plasticizers for their own use at the polyvinyl chloride plants, and increased imports of plasticizers, have resulted in stockpile increases. Consequently, the production of both dioctyl phthalate and tricresyl phosphate has been increasing at a considerably slower rate since the beginning of 1952. Their market prices per kilogram are Y510 for dioctyl phthalate and Y430 for tricresyl phosphate. The price of phthalic anhydride, one of the materials for plasticizer, has fallen sharply from Y300 per kilogram at the beginning of 1952 to Y170 in June.

Bakelite production in Japan has likewise increased each year since 1945, but it has not yet reached the previous highest level which occurred during 1944. Considering the fact that the demand for bakelite then was almost entirely for military uses, it is expected that the bakelite industry in our country will develop substantially hereafter, since the present demand comes only from civilian industry.

The production of urea resins in Japan exceeded 10,000 tons during 1951. Japan was next to the United States in their production, although their production in the United States was much greater than that of Japan. Urea resin production in our country during the first half of 1952 amounted to approximately 6,000 tons, which was a little more than that for the same period in 1951. The development of new uses and the improvement of the quality will result in yet larger demands for them as moulding materials in the production of plastics. Their use as binder material also increased to such an extent that the production of urea resins in our country for this purpose during 1951 was double that of 1950. It is expected that their production for the latter purpose will yet further increase during 1952.

The production of vinyl acetate and polyvinyl alcohol will be developed increasingly in the future because of the use of these products as the principal ingredients in the production of vinylons. The general inactivity in the textile industry since the latter half of 1951, however, has recently caused a lessening of the expansion of their production. Nevertheless, the actual amount of vinyl acetate production during 1951 was 3,700 tons, which was far more than that of 1950. The figure for the first half of 1952 shows the great increase of the production, which has reached already as much as the total amount of 1951. If the textile market shows a revival, and the demands for synthetic fibers be increased, the production of vinyl acetate will increase considerably more.

The production of acrylate resins, polystyrene resins, polyamides, melamine resins, alkyd resins, silicon resins, and synthetic rubber is expected to be developed in our country in the near future.

Celluloid production in Japan formerly constituted 40 percent of the total world production, and stood first in rank among that of all countries. It fell to an annual production of 1,600 tons as a result of the destruction of plants and equipment during the war. It then was only 13 percent of the peak production which had occurred during 1937. It again achieved first in rank among that of the countries of the world during 1949, exceeding even the production of the United States. Celluloid production, including that of remanufactured goods reached 7,060 tons during 1951, has been very good during the first half of 1952, amounting to 600—700 tons monthly. New developments in plastics production have caused uneasiness in celluloid manufacturing circles regarding possible overproduction and as to whether Japanese celluloid products can find additional outlets in overseas countries. However, recently large markets have been found in a number of countries.

(To be continued)

ECONOMIC NEWS FROM THE UNITED STATES

By E. Kann (Los Angeles)

(Special to the Far Eastern Economic Review)

What Will 1953 Bring Us?

It will undoubtedly be interesting to gaze into the crystal ball and try to elucidate and forecast events for 1953. Not the purely political aspects, but mainly the economic facets; and, to limit our analysis further, the phases as they touch the United States in its economic fields in particular. A source as outstanding as the "United Business Service" is being chosen as our guide. Let it review the highlights by groups, and let us assume that the current cool war No. II½ will not develop into the 3rd world conflagration in the course of 1953.

Business Activity: The total volume of business is estimated to be about 3% larger than that of 1952. Under the stimulus of augmented defense output activity will mount during the first semester, supported by new highs in personal income and removal of most controls. In the second half year one has to expect a gradual levelling off, though volume still will be above average.

Industrial Output: Total production in 1953 is expected to be 4 to 5% above that of 1952, already owing to the lengthy steel strike in the latter year. By midyear most materials ought to be in plentiful supply.

Commodity Prices: Speaking generally, there ought to be a decline of between 3 and 5% in the wholesale index during 1953. Wholesale markets will be firm in the course of the first 6 months, but they will ease off during the succeeding semester. About farm produce we shall speak later on.

Retail Trade: Here also an increase of between 3 and 4% over 1952 is foreseen, total sales to exceed 170 billion dollars in 1953. Retail inventories will hold relatively steady. Tendency of retail prices will be slightly upward during the first half, but moderately down during the second half of 1953.

Steel: While the strike-depressed total steel output in 1952 will aggregate about 93 million tons of steel, there is cause to expect a production of between 110 and 112 million tons for 1953. Civilian supplies will turn more plentiful and controls will be ended by the middle of the year. Scrap supplies will become plentiful. After the termination of controls some price advances (though selective) are to be expected.

Building: New construction volume is to exceed 1952 totals, when values reached 32½ billion dollars. Residential outlays will be off 5% and industrial building will be down 15%. Yet, utility outlays will rise by 10% and public works construction will increase 5%. Commercial and institutional construction should divulge an increase of between 10 and 15%. Costs will show little change from 1952. Material will be in ample supply.

Automobiles: While 1952 will have been responsible for 5.6 million motor cars and trucks, it is confidently expected that in 1953 6.2 vehicles will be produced. Of these 5 million will be passenger cars. By midyear metal curbs ought to be eliminated. Sales will be good and car prices will not change much.

Other Industries: The greatest activity and expansion in 1953 will be seen in aircraft, electronics, munitions and other defense industries. But high level operations are also indicated for chemicals, electric equipment, petroleum, non-ferrous metals and paper. Record buying power is to maintain continued demand for food, cigarettes, shoes and textiles. Air conditioning equipment and output of auto parts will increase. Natural gas sales, electric power production, rail and airlines traffic will also display gains in 1953.

Stock Market: The general outlook for the year 1953 is favourable. It is expected that the Dow-Jones averages will show an approximate range of between 260 and 310, which compares with a range of 256—286 for 1952. A very selective market will prevail. Rails and utilities stand good chances. As excess profit taxes are almost certain to be abolished before the end of the first half of 1953, companies which will benefit from such abolition and/or from doing away with controlled prices, will be best situated.

Earnings and Dividends: Since 1953 is confidently expected to be a prosperous term, corporate earnings after taxes are expected to average 5 to 8% higher than in 1952. Both railroad and utility earnings will advance between 8 and 10% over the already excellent 1952 incomes. Corporate dividends are expected to be up 8 to 10% to a new all-time high. Favored industries with the best earnings outlook include aircraft, air conditioning, automobiles, chemicals, cigarettes, TV and steel.

Interest and Credit: There will be a moderate rise in interest rates in 1953. Demand for capital and credit will continue high under the influence of active business. The Federal Reserve Board will have a freer hand than under former Administrations. Credit supply will be ample for normal business requirements. The number of failures will increase.

Foreign Trade: Although military aid shipments will increase, total exports will probably decline by 1 billion dollars from the 1952 figure of 14½ billions. Imports (in 1952 about 10½ billion dollars) should rise to $11 billion in 1953. Canada appears to offer the best trade opportunities.

Labor and Employment: In contradistinction to the recent Democratic regime's policy, the new Administration will have a neutral, rather than a pro-labor attitude. Large crippling strikes in 1953 are unlikely. Wage controls will be terminated. No big wage increases are anticipated, and Union emphasis will be on fringe demands. Unemployment will continue to remain low. There will be continuous tightness in the supply of skilled labor in 1953.

Agriculture: One of the few exceptions for continued prosperity will be the agricultural pursuits in the United States during 1953. Considered in a sober spirit, one has to admit that surpluses in grain crops are showing up and prices of live stocks have slipped. If price supports for farm crops are to continue, costs could move sky-high and give the new Administration a headache. Exports of grain harvests to foreign nations have slipped.

Not only grain prices, but also livestock, have declined; surpluses are rising in cotton, tobacco and wheat. Farmers are starting to grumble, for cost of living stays high, while their net income skids. Disposal of surpluses is becoming an urgent and most difficult problem, and support of grain prices might cost another billion dollars, an item which might upset the planned budget. Though farmers are still well off, they are getting scared with immediate unfavorable prospects. In other words, the farm situation is far less buoyant at the close of 1952 than at the opening of the year.

The Ford Motor Co.

As the Ford Motor Co. is, and always was, a pleasant family affair, it failed to publish balance sheets for publications. It is therefore surprising that the "Wall Street

Journal" of December 11, could have lifted the veil and acquainted the general public with facts and figures which are novel and interesting. So we hear that Ford's net profits for 1951 (after taxes) amounted to $87 millions and stemmed from sales aggregating $2,952,000,000. This turnover would signify that Ford was the second largest auto maker, coming after General Motors.

The "Wall Street Journal" goes further by indicating Ford's business results also for the preceding four years, namely net revenues in 1947 were $78 million; in 1948 $119 million; in 1949 $203 million and in 1950 $279 million. The last mentioned was a banner year for the industry.

The strong decline in net profits for 1951 is accredited to the scarcity of metals, combined with much higher excess profit levies. The heavy downcome in 1951 was not limited to Ford. General Motors showed a drop from $834 million profits in 1950 to $506 million in 1951; and Chrysler's net revenues declined from $128 million in 1950 to $72 million in 1951.

Since all the Ford stock is tightly held by the members of the Ford family and the Ford Foundation, there is no necessity to publish balance sheets and profit and loss accounts for the edification of the general public. The total number of shares issued by the Ford Company amounts to 3,452,000. Of these the Ford Foundation holds 3,089,000 shares, though all these are non-voting; each share is carried in the Foundation's books at $135.

There are 6 other holders of Ford Co. stock. These are: the estate of Mrs. Henry Ford, senior, Mrs. Edsel Ford, her three sons and her daughter, who is married to Walter Ford (not a relative). Voting power, the report says, is concentrated in 172,645 specially designated shares owned by the family. Besides, the family also holds nearly 200,000 shares of non-voting stock. The grandson of the founder, Henry Ford II, is the president of the concern. His brother Benson is in charge of the Lincoln-Mercury Division, while the other brother William makes studies in new and special products.

During 1952 local taxation took $174 million; repairs cost $99.5 million; depreciation $37.7 million and profit-sharing contributions $36 million. On earnings of $25 a share in 1951 Ford paid a dividend of $10 a share.

Ford's latest balance sheet as of December 31, 1951, showed assets of $1,584,172,000, while the surplus was listed at $723,333,000. The foregoing tabulations of recent records certainly are imposing. Amongst other facts they go to prove that the Ford car must have its outstanding qualities, as otherwise it could not have been the producer of such enormous wealth.

Items of General Interest

The total number of telephones functioning in the world is about 79,400,000, according to the American Telegraph and Telephone Co. Of these the number of phones functioning in the United States alone aggregates 48,000,000, notwithstanding the fact that America has only 6% of the world's population. There is one telephone for every three persons in the United States, compared with one for every 68 persons on an average outside this country. Sweden comes second with one phone for every 25 persons, followed by Canada with one telephone for every 22 persons.

The Pacific Telephone and Telegraph Co., with head offices in San Francisco, will spend $225,000,000 for plant and equipment in 1953, topping its 1952 expenditure of $201,900,000. During the postwar period, Pacific has raised new permanent capital amounting to $757,102,000, inclusive of the present rights offerings.

At a recent General Electric Co.'s annual press conference President Cordiner stated that the company's 1952 sales would approximate $2,500,000,000, a gain of 12% over the last year. Net-income, however, is expected to be smaller owing to a poor first semester. He furthermore asserted that "as much electrical equipment will be built in the next ten years than has been built in the entire 75 years history of the industry." At present, defense business is about 30% of the company's total volume. It was also opined that no one has yet devised an atomic power plant that can operate without government aid on the financial side.

When the steel strike was on in the summer of 1952, it was established that its occurrence would be responsible for a deficit of 19 million tons of ingots. However, due to strenuous work above normal capacity, steel mills succeeded in somewhat catching up with production. It is estimated that altogether there will be a loss of 12 million tons of ingots, when comparison is made with 1951.

Wholesale commodity prices during November in the United States displayed a mixed trend. Glycerine advanced 15% owing to tightening of supplies; wool advanced 5 cents a pound. Other sizable reductions were witnessed in soyabean oil, rubber, corn, coal and soyabeans. But there was a price pressure in food during November. Eggs led the downturn, while hog and lard also showed considerable declines; in fact, lard stands 51% below what it was a year ago. Raw cotton also joined in the decline, but since large stocks moved into loans, some recovery is due soon. Lead at 14 cents a pound stands 26% below its last year's price level, and zinc even 36% below.

Large orders for arms made abroad are under way; these are to reach one billion dollars. The move has a twofold purpose: (a) it will render military aid and render

ECONOMIC SURVEY OF BUSINESS AND INDUSTRIAL CONDITIONS OF JAPAN

By a Japanese Research Team

Analysis of Industry

IRON AND STEEL

The year 1951 was marked by the beginning of a slackening of economic activity throughout the world. However the output of pig iron for January, 1952, was all-time high in post-war Japan with 309,668 tons, while the overproduction was generally anticipated. As a result, this surplus supply became uncleared stockpiles in the hands of manufacturers. The January-June output of pig iron reached 1,798,000 tons or 127 percent of last year's output during the same period. Thus, the integrated manufacturers with so large a quantity of stockpiles in their hands were compelled to ask the steel manufacturers to consume them. Under such circumstances it was only natural that efforts should have been made especially by the integrated manufacturers for reorganization of this industry into several blocks in order to put it in a rationalized form. The January-June output of steel ingot was 3,549,000 tons or 113 percent of last year's output during the same period. The January-June output of hot rolled steel products reached 2,439,000 tons or 112 percent of last year's output during the corresponding period. This increased output was due to a balance of 360,000 tons left over through export contracts at the beginning of the current period as well as to the signing of an export contract for BISCO involving 109,000 tons, much to the encouragement of the manufacturers concerned. However, the world-wide dollar shortage became more and more serious, and international transactions were more or less inactive. To make the matter worse, the Sterling area countries with the United Kingdom as the center began to tighten their import restriction measures. All this resulted only in discouraging export, the amount of contracts being far less than expected. The amount of contracts actually fulfilled between April and June was 250 000 tons or less than half the January-March amount of 560,000 tons. So, the steel products market remained as dull as before, and the market quotations against small cash transactions went down continually. That is, the market price for steel bar (19 mm) dropped from March's $115, to April's $104 and then June's $100. Due to continuous market slackness, increasing uncleared stockpiles and scarcity of operational funds, the manufacturers were compelled to enforce production adjustment around steel wire and sheet. Through these measures, the output dropped considerably, the amount of stockpiles reduced toward the end of the current period, and, as a result of this, the market situation, though still slack, began to regain balance.

Before the war, Japan's iron and steel industry depended upon America's scrap iron, China's Kailan coal and China's and Malaya's iron ore, but lost all of these resources after the war. Thus, the said industry has been supported until today by costly American coal and iron ore. This tells chiefly why the prices of Japanese iron and steel products are 20 to 30 percent higher than those of foreign make. It is hoped that the Japanese iron and steel industry will part very soon from its reliance on costly American iron ore and turn to cheap Southeast Asian iron ore. It becomes all the more necessary for us to do so, when we think of the dollar shortage of the Japanese trade. We may expect to some extent iron ore in the Philippines and Malaya, yet it is almost impossible for us to expect from these places all we are now importing from the United States. Indian iron ore is superior in quality and abundant in quantity, but India is too far from Japan. Moreover India does not have adequate equipment for mass production. Thus viewed, Indian iron ore is not always favorable to Japan. Another cause of high prices of our iron and steel products is that the equipment now in use is too obsolete, especially 70 percent of the rolling mills are over 30 years old. Consequently, major manufacturers mapped out the 3-year equipment rationalization program, with 1951 as the starting year. This program is now under way. The total amount of needed expenses is estimated at Y62,800 million. Out of Y24,200 million deemed necessary for the first year, Y22,800 million or 94 percent of the requisite sum has has already been procured. While the path ahead may be difficult, it is expected that upon completion of the program, superior products will be offered to the international markets at cheap prices.

The output of special steel remained more or less steady around the 80,000 ton level since 1946, but went up gradually since the outbreak of the Korean hostilities, and reached 178,000 tons for 1951 or nearly twice the 1950 output of 95,000 tons. The output increased month after month since the beginning of 1952, and reached over 20,000 tons during June. On the other hand, the prices have recently declined, as a result of a drop in the prices of raw materials and completion of preparations for increased production. Rationalization of equipment as to ordinary steel has already been put into force since 1951, but nothing had been done about special steel until the first steps were taken in 1952. What always became the center of argument about rationalization of special steel was how to manufacture superior steel, rather than how to bring down the cost through mass production. To take stainless steel for instance, they have succeeded in manufacturing superior stainless steel, that is as fine as or even better than any foreign products, with regard to assayed components and anti-corrosive nature. It must be admitted, however, that far better products are made in the United States and European countries as a result of remarkable progress during the wartime. In the case of Japan, it is considered necessary to improve equipment for picklings, removing stains and polishing up. Thus, once the quality of our products is improved through rationalization of equipment, it is expected that they will be able to meet with fresh demands, both here and abroad.

Iron sand has always been regarded as the only obtainable raw material in Japan for manufacturing iron. Iron sand is obtainable almost everywhere in Japan. In Japan, a small scale intermittent tempering method had been used long ago, using iron sand as the material and charcoal for the manufacture of iron. Although it had been planned

---

economic aid to NATO forces; and (b) it will be cheaper for many items to manufacture them abroad.

Turkey has decided to ask for foreign development of its oil resources. The effects of this decision may be far-reaching, for there is a likelihood of the discovery of new and important oil wells; and, furthermore, the Turkish move is likely to improve the attitude toward foreign operations in Iran and also in Iraq.

from time to time to use iron sand on a large scale, it was just recently that iron sand came to be used in hundreds of thousands of tons. In 1951, about 250,000 tons of iron sand were collected and used for the manufacture of iron. Of these figures, 150,000 tons were used in blast furnaces and the remaining 100,000 tons in electric furnaces. When iron sand is used in blast furnace titanium is deposited at the bottom of the furnace and obstructs operation. Therefore, the amount of iron sand to be used in a blast furnace is limited to 10 to 20 % of the total amount of iron ore used. The best results of tempering iron sand can be obtained when used in an electric furnace. Pig iron manufactured by an electric furnace is mostly special iron, though ordinary iron for the manufacture of high-grade steel can also be partially manufactured. This special iron supplies almost all low phosphorus pig iron and low-sulphur, low-copper pig iron. The Nippon Koshuha Kogyo Co. employs the so-called "high voltage electric resistant furnace," by which iron sand can be reduced intermittently and quickly by high voltage. This is good as the material for special steel. The superiority of low-sulphur, low-copper pig iron made from iron sand is well recognized by leading makers of special steel. At present, the ratio of combination of electric iron by makers of special steel is around 10%, but it is expected to go up hereafter.

Titanium, which is contained in iron sand, has been regarded as an obstacle in the tempering processes of iron. The Japanese manufacturers of titanium white have used as the chief raw material ilmenite produced in India and Malaya. The use of titanium slag which is produced in the processes of manufacture of electric pig iron as the material for titanium white has always been viewed with great concern by electric pig iron manufacturers. In June, 1949, they succeeded, in the tempering processes of iron, in separating iron elements from titanium elements and, at last, made high-grade titanium compounds. Since then, the manufacturers were greatly interested in titanium slag. The monthly production capacity of titanium at present is 660 tons, of which only 120 tons are made from titanium slag produced from iron sand. But the superiority of titanium white made from titanium slag is well recognized and equipment is being expanded. Further spurs were set to this tendency by development of new fields in the use of titanium, as can be seen from the metallic titanium manufacturing industry and titanium alloy industry, both of which have recently developed in foreign countries. On April 30, 1952, Japan succeeded in manufacturing metallic titanium for the first time. Then, plants were set up, which now have a manufacturing capacity of 1.5 tons. According to the present program, equipment will be further expanded and the output will reach 4.5 tons in August and 9 tons in September. It is expected that, with further equipment established, the output will have reached 30 tons or more by the end of March, 1953. Japan has a rich deposit of iron sand amounting perhaps to 500,000,000 tons, while power will be supplied at cheaper cost, with the progressive development of power resources.

Therefore, it is expected that the metallic titanium manufacturing industry will become a more and more promising enterprise, with development of manufacturing techniques.

COAL

Japan's coal deposits are estimated at around 16,200,000,000 tons, or approximately 0.3% of the world's deposits. Broken down by coal-fields: Hokkaido tops the list with 8,000,000,000 tons, followed by Kyushu with 6,100,000,000; ranked far below are the eastern part of the mainland with 1,200,000,000 tons and its western part with 900,000,000. In output, however, Kyushu stands first with 24,820,000 tons in 1951. Hokkaido comes second with 13,680,000 tons, followed by the East with 4,560,000 and the West with 3,420,000. These total 46,480,000 tons, and Hokkaido occupies only about a half of Kyushu's output.

Japanese coal is comparatively of recent formation, and is mostly bituminous as belonging to the tertiary. Its chemical composition generally indicates 30% to 40% for volatility, 35% to 55% for fixed carbon and 6,000 to 6,500 kilocalorie per 1 kg. Accordingly, though fit for general fuel, it cannot be said to be able to meet requirements qualitatively and quantitatively as special coal to be used as raw material for coke and gas generation. Then before the war, the coking coal which was needed for iron and steel industry as raw material had been imported from Northern China, Manchuria and Northern Saghalin. After the war, however, coking coal has been imported from U.S., Canada, India and others because Red China-Japan trade was prohibited.

The coal output of 46,480,000 tons for 1951 provides a striking contrast with the 1950 figure, representing an approximately 4,140,000-ton or 18.1% increase. This percentage of increase is an all-time high record Japan has ever witnessed in her coal mining history. Taking into consideration a decreased output estimated at about 740,000 tons caused by coal miners' strikes in November, 1951, it will be seen how remarkable the increase of coal production was in that year. In 1952, monthly output so far has averaged 3,700,000 tons odd with April registering 4,020,000, May 3,970,000, June 3,720,000 and July 3,800,000. At this rate, it is expected that 1952 will fully exceed its production goal of 49,000,000 tons. Looking into the demand and supply situation, deliveries for 1951 amounted to 47,210,000 tons as against the output of 46,480,000 tons.

Reflecting a brisk demand rushing from various sections of industries since 1950, deliveries in 1951 have made a spectacular increase in the aggregate of nearly 7,800,000 tons or 19.8% compared with the preceding year. As the demand virtually hit an abnormal high in 1951, reflecting an international unrest and a special procurement boom, the production could not keep pace with the demand until the nation's coal stocks had once reached the bottom of 1,110,000 tons. Particularly, a short supply of coal for power generation caused by a dearth of water cast a gloom over various industries throughout the country. This, however, meant that 1951 anyhow proved to be the boom year for Japanese coal industry. Under these circumstances, all industries, notably electric power, iron and steel, cement, coke and pulp industries, have been receiving increased shipments of coal in recent years. As for imports, it is worthy of notice that Japan in 1951 imported as much as 2,630,000 tons of coal in a strenuous effort to make up for a shortage in domestic coal output. Compared with 1950, this is a 2.6-time increase and the highest postwar record. The 2,630,000 tons of imports comprise 2,310,000 tons of coal for raw materials, 150,000 tons of anthracite coal and 170,000 tons of coal for general use. These came from U.S.A., India, Canada, French Indochina, South Africa and New Zealand. Prospects for the 1952 demand and supply, according to the Ministry of International Trade and Industry, are as follows: both demand and supply are put at 53,260,000 tons, with demand accounting for 28,360,000 for non-industrial use, 23,460,000 for industrial requirements and a carry-over into 1953, while supply constitutes 49,000,000 tons for output, 2,820,000 for imports and some transfers from the previous year. It is expected that both sides will generally hold the balance. Affected, however, by the recent depression in general industrial circles and decreased demand due to the usual seasonal fluctuations, the industry is now witnessing deliveries (notably in case of low-grade coal) showing an unexpectedly weak tone, with coal stocks increasing to as much as 2,180,000 tons at the end of July. The recent downward tendency on the coal

market is expected to aggravate further to add to the apprehensions of dealers.

PETROLEUM

Japan's petroleum deposits are roughly estimated at 14,000,000 kilolitre. This is only 0.1% of the estimated deposits of the world amounting to 12,184,000,000 kilolitre. Japan's crude oil output in 1951 at 366,732 kilolitre represented only 0.05% of the world's total of 716,327,500 kilolitre (according to June issue of "Petroleum Times"). Viewed quantitatively, it must be said that Japan's petroleum resources are very poor. Accordingly, the nation's crude oil output cannot meet any more than 10% of domestic demand. In 1951, domestic demand for petroleum was 3,337,530 kilolitre compared with the output of 3,020,318 kilolitre (turned out from domestic and imported crude oil). Petroleum produced from domestic crude oil was accountable for 10.9% of the total output and only 9.86% of the total demand. This means that more than 90% of home demand for manufactured goods is met by refining at home imported crude oil, though some refined oil is also imported. This tells expressly what an important position the oil refining holds in Japan's oil industry.

Japan's oil fields exist along the coast of the Japan Sea from the northern end of the Teshio-Gun, Hokkaido to Niigata in Honshu with the north-west of Aomori, the west of Akita and Yamagata running lengthwise between them. There are other veins of oil fields in the north of Nagano and in the south of Shizuoka. At present, oil fields in Akita are most active, with those of Niigata and Yamagata following. Oil fields in Hokkaido have been arousing interest among oil industry circles since the war.

Japan's oil industry, for some time after the war, had been totally crippled due to exhaustion of the oilfields, coupled with reckless operation of plants during the war. Although the abovesaid oil fields and oil refineries on the coast of the Japan Sea escaped war damages excluding Japan Petroleum's Akita Refinery, Japan found herself literally paralyzed by her loss of oil fields in Saghalin and Formosa. There was no possibility of oil import and the resultant unbalance of demand and supply threw the industry into utter confusion. However, thanks to the good offices of GHQ rendered later, authorizations were given all oil firms for the reopening of their refineries on the Pacific Coast in July, 1949. Processing of imported crude oil then ensued, resulting in a striking increase in the amount of crude oil processed. During the year 1950, the amount of processed petroleum swelled as much as 1,705,425 kilolitre, or more than eight times the 1947 figure of 216,683 kilolitre. Furthermore in 1951, it jumped to 3,086,836 kilolitre. Meanwhile, installation capacity for oil refining also witnessed rapid rehabilitation and improvements with induction of domestic and foreign capital helping step up plant expansion projects now under way. The crude oil processing capacity per day as of October, 1951, consequently was 68,000 barrels at refineries on the Pacific coast and 17,000 barrels on the coast of the Japan Sea. It is expected that these figures would show further increase to 104,300 barrels on the Pacific coast and 21,900 barrels on the Japan Sea coast respectively by the end of December, 1952. It can be said that no other industry has the tempo of recovery as high as the oil refining industry of Japan.

The efficient use of these installations hinges on the result of imports. Following the reopening of refineries on the Pacific coast in July, 1949, the years of 1950 and 1951 saw the imports of 1,541,098 kilolitre and 3,040,000 kilolitre of crude oil respectively from America, Indonesia and Arabia. Imports for the year 1952 are estimated at 4,130,000 kilolitre. As to products, 847,160 kilolitre were imported in 1950 and 1,175,806 kilolitre in 1951. Though it is difficult to give a tangible estimate of demand and supply for 1952, it is believed that 1,929,100 kilolitre would be the necessary amount of import to keep demand and supply in balance.

If the imports of these crude oil and products materialize, it would be possible to meet the demand for 1952, 5,612,000 kilolitre, in view of the aforesaid capacity of processing crude oil. Coincidentally, the demand and supply situation recently has been greatly eased with the realization of the much-awaited decontrol on fuel oil in July, 1952, following removal of controls on various products in September, 1951.

Problems concomitant to this still remain for the oil refining industry to tackle. They are firstly the reduction of cost through rationalization of production and secondly the improvement of quality by modernization of installations. Competition is now becoming so furious especially in the country that every refinery is expected to switch its installations so as to cope with superior foreign products with special emphasis placed on qualitative improvements. To put it in the concrete, pivotal goals of such improvements are the production of gasoline of high octane which is in great demand in the automobile industry and high-grade lubricating oil which is badly wanted by machine producers. To attain these aims, every company is now making strenuous efforts for the completion by 1953 of such new equipment as platforming plant, hydroforming plant, fluid cataritic cracking plant and others.

NON-FERROUS METALS

1. Copper

Under wartime military requirements, Japan's copper mines were forced to increase production during the period from the Manchurian Incident to the end of World War II. Production consequently increased, once registering a record high of more than 100,000 tons.

Accordingly postwar production of copper from domestic ore showed a remarkable decrease, with the current annual production volume, though recovered to a certain degree, accounting for a mere 40,000 tons in sharp contrast with the prewar level. A sharp upturn in electrolytic copper output in recent years has depended upon a large quantity of domestic scrap flowed into copper refineries as raw material to make good the decline in copper ore production. The output of electrolytic copper has already recovered its prewar level, but the volume of scrap available has almost hit the bottom. There is little possibility of expecting big electrolytic copper production from scrap and this is explainable from the fact that the 1951 output of electrolytic copper totaling 90,950 tons included 41,660 tons as produced from ore and 49,290 from scrap. In 1952, of the estimated total output of 80,000 tons, copper produced from ore accounts for 50,000 tons and that from scrap 30,000, with the former exceeding the latter by 20,000. This means that the scrap available for the current year is only 60% of the 1951 figure. Demand for electrolytic copper in 1952 is estimated at 96,000 tons as against the production of 80,000 tons, producing a shortage of 16,000 tons. This shortage must be covered by imports of ore and scrap. Though efforts are now being made to import copper ore from Chile, we cannot expect much on the import. Judging from these points, it is estimated that monthly output for the latter half of 1952 may fall short of the 8,000-ton level, or possibly dwindle down to around 7,500 tons. Besides, as it is scheduled that 4,000 tons would be earmarked for export to the International Material Conference, future demands for copper would, after all, be slashed to a certain extent.

Meanwhile, the overseas market is tightening reflecting the recent American raising of import price of Chilean copper. Supported by such buoyant factors at home and abroad, it is considered that quotations at Japanese refineries would remain at the Y340,000 level for some time to come.

2. Lead

Japan imported a total of 15,000 tons of lead during the two years of 1948 and 1949. The nation's stocks of lead in the first half of 1950 consequently were remarkably swollen. Stimulated by an abnormal rush for lead due to new or increased establishment of synthetic fiber mills, demand showed such a rapid increase that the stocks began nosediving from 1950. Prices then boomed. With the turn of the former half of 1951 when a lead dearth had been expected, began bulk purchases of lead for stockpiling by the electric-wire industry, the biggest consumer of the metal, and artificial fiber manufacturers who were planning to establish new factories. Coincidentally, the output of reproduced lead was soon increased along with its imports amounting to 8,000 tons. The situation, however, reversed in the latter half of the same year, with the international tension over arms expansion entering into a lull, as well as signs looming large for truce talks in Korea. The immediate result was an increase in stocks at various mills. Manufacturers of electric-wire, storage batteries and lead tubes were burdened with glutted stocks, while artificial fiber producers suspended establishment of new factories. Thus, their lead stocks on hand were soon released to the market. On top of it, with the coming into the market of reproduced lead turned out in large quantities, quotations were heavily softened, dropping in price index to nearly 65 at present, with the June, 1951, level taken as 100 which was an all-time high registered by Japanese refineries.

The demand and supply position for 1952 figures at 29,400 tons in demand for new lead and 32,500 tons for supply as inclusive of carries-over from 1951. Demand for reproduced lead would stand at 37,600 tons and supply at 40,000 tons including carried over stocks, with the latter exceeding the former as in the case of new lead. Consumers also are abstaining from buying as there is a tendency of glut still continuing in future in addition to such downward trend in quotations. Viewed from the current market and stock situation, there is little hope of the demand resurging in another half or one year. With its overseas market hinging on the United States, lead quotations are taking a downward curve.

In short, it is generally considered that the lead market of Japan would be subjected to a low tone for another half or a year in the light of the current demand and supply situation, along with its international market.

3. Zinc

Because of a heavy decline in exports of galvanized iron sheet which takes about half of the demands for zinc, contracts for zinc in May dropped to the 7,000-ton level, nearly the same as the record low of 1951. Pending recovery of world business, we cannot foresee a bright future for zinc export. Compared with last year, supply position, on the other hand, is taking a favourable turn, with April being the postwar peak month with a production of 6,369 tons. May and June continued to register big production figures of 6,221 tons and 6,220 tons respectively. The 1952 demand and supply figures are put at 80,000 tons for total volume of demand and at 92,000 tons for total volume of supply involving electrolytic zinc, distilled zinc, reproduced distilled and reproduced zinc, representing a surplus in supply of 12,000 tons. As a result, it recently became possible to divert around 3,800 tons for export. Affected, however, by the weakening overseas market, export prices have unavoidably been marked down to 16 cents per lb, which, in any consideration, would not pay.

4. Rationalization of Copper, Lead and Zinc Mining

Non-ferrous metal companies since the war's end have been rationalized in mining, ore dressing and transportation. As far as refining is concerned, they have seen little rationalization worth mentioning. However, various improvements were made recently in refining technique; some companies have actually initiated application of their newly-sought methods to their mills. For instance, the Kosaka Refinery of the Dowa Mining and the Akita Refinery of the Taihei Mining have adopted a wet smelting system based on Fluo-Solid furnace, the Asio Mine of the Furukawa Mining has started electric smelting and the Saganoseki Refinery of the Nippon Mining set about oxygenate smelting. The Kamioka Mining also has employed a vertical distillation furnace for zinc refining. If these methods were brought to perfection, the cost of refining would go down; at the same time various valuable metals would be collected. Industrial circles are paying great attention to the success of these new methods.

5. Aluminium

As is the case with other non-ferrous metals, the aluminium industry of Japan witnessed last year a signal boom both in domestic and foreign trade. Behind its good business was a big amount of special procurement orders occasioned by international trend toward rearmament which took its rise in the Korean War. The industry enjoyed prosperity as transactions were conducted on a paying basis both in home trade and export. Every aluminium company established a plan to produce more than in 1950. The Showa Electric Industry Co., Ltd., one of the producing companies, re-opened its Ohmachi Plant which had been closed during the war. The nation's output in 1951 reaching 38,728 tons was about 8% higher than the initial program of 36,000 tons, hitting a new postwar high.

With the turn of the current year, however, the international rearmaments slowed down, nearing a stop-signal. Also aluminium production facilities in America made unexpectedly rapid progress. These developments, coupled with conclusion of an agreement between America and Britain involving barter of aluminium for iron and steel, have contributed to ease strikingly a shortage of aluminium supplies and lower accordingly its price on the grey market of the United States. Inquiries from America, as a result, have recently shown a marked decrease. Japan's export market for aluminium accordingly has shifted from the United States to Europe and that exports to the new market have also drifted lower in recent months. Same can be said of the domestic market where demand for aluminium of the rolling industry, the biggest consumer of this metal, is declining due to its export depression. The industry circles, therefore, are cudgeling their brains to overcome such difficulties lying ahead on the domestic market, making efforts for enterprise rationalization and import of raw materials at low prices. To cope with such situation, negotiations are now afoot with foreign firms for financial and technical tie-up. Export volume registered for the January-December, 1951, period was $3,540,711 f.o.b., while export prices for the last quarter of 1951 were 37 cents per lb. for shipments to Europe and 35 cents for those to the United States. As stated above, American inquiries in 1952 have shown a marked decrease both in quantity and value.

ELECTRIC POWER

Japan's power generating capacity at the end of 1951 reached 10,816,000 kw (maximum authorized capacity), with hydro-power plants showing 6,782,000 kw (6,074,000 for public use and 708,000 for private use) and thermal-power plants 4,034,000 (2,867,000 for public use and 1,167,000

for private use). The generation capacity composition of this country is based on the principle of "hydro-power first, thermal-power second" signifying that hydro-power generating capacity is 60% of the total against 40% for thermal-power. This is largely attributed to the natural environment of Japan featured by the copious volume of precipitation which accounts for 1,600 mm as against the world average of 800. Viewed topographically, the land of Japan, narrow but long lengthways, is so rich in steep slopes that it is easy to obtain height of fall necessary for power generation. These geographical features are turned effectively to advantage everywhere in the country.

Since the termination of World War II, Japanese industries have shown steady recovery with the result that her mining and industrial production index, with 1932-36 taken as 100, has been increased to 104 in 1950 and 136 in 1951. Electric power consumption also increased from an average 17,361,000,000 KWH in 1932-36 to 33,947,000,000 (index 195) in 1950 and to 34,710,000,000 (index 202) in 1951. Despite such recovery in production, however, power supply lagged so behind an advancing demand that power allocation has been subjected to rigid restrictions. An estimate of power demand for 1952 reveals that nearly 39,000,000,000 KWH would be required at demand end, while supply, put at about 37,800,000,000, would be able to balance with demand by taking into account the possibility of obtaining a 4% more water flow than usual. Compared with last year, both power generated and consumed for January-May, 1952, show increases respectively as follows:

	Power generated	Power consumed (Supplied by public utility plants)
1952 Jan.-May	21,118,000,000 KWH	13,186,000,000 KWH
1951 ,,	20,451,000,000 KWH	12,631,000,000 KWH

It is clear, however, that the utilization of the existing power generation equipment alone which has already reached the limit would not be sufficient to effect the expansion of production scale required hereafter in line with efforts to compensate for power shortage to be engendered annually in future. Now is the time when biggest efforts should be exercised for the development of power resources.

The current power resources development plan takes 1956 as an intermediate target upon which an economic scale has been estimated at around 192% of the prewar (1932-36) level in production and nearly 93% compared with the current 82% in the standard of living. The plan envisages requirements for approximately 48,000,000,000 KWH at demand end, a nearly 40% increase over the 1951 plan of 34,300,000,000. In order to meet this demand, about a 61,000,000,000 KWH power needs to be supplied at generator's end, in anticipation of a reduction of power losses in transmission and distribution. In the power generation composition of Japan, first consideration, as above stated, is given to hydraulic-power, thermal-power being mainly used to make good reduced output at hydraulic power stations at the time of water dearth or to supplement daytime peak load.

Thus, thermal-power plants used to provide about 15% to 20% of total annual power generation volume for the replenishment of short supplies by hydraulic power stations. As, however, the postwar development of hydraulic power resources has lagged behind the sharply increasing demand for power, thermal-power plants have accordingly been compelled to generate annually a considerable volume of electric power. In future, therefore, efforts will be redoubled to step up the construction of reservoir-type power plants capable of making seasonal adjustment of water reserves, with emphasis placed on the increase of power generation through development of hydraulic power resources.

Meantime, a plan has been laid out to seek reduction of power losses through improving transmission and distribution facilities so that the ratio of the losses could be lowered from 27% in 1951 to 24% in 1956. Another plan is now afoot to establish a new public company as a special juridical person, having direct authority over development of large-scale specific hydraulic-power resources which is difficult to conduct smoothly and speedily for the existing enterprises.

The plan of this corporation embraces, as its first phase, the development of a 844,000 KW capacity with construction funds amounting to Y81,200,000,000. The second phase includes the development of a 1,800,000 KW capacity with funds of Y188,000,000,000. The main development sites are the Tadamigawa, Tenryugawa, Shokawa and Kumanogawa. (Note: The first phase includes the works for 1951 and 1952 and the second phase for 1953 and after). Noteworthy among them is Tadamigawa (Tadami Valley) featured by the availability of its head over about 1,400 meters against its total length of nearly 130 kilometers. The valley of this river extends as wide as 28,000,000 sq km. It is only 1/27 the acreage of the Boulder Dam, Colorado River, but is capable of generating about 2,000,000 KW with its huge precipitation plus a snowfall amounting annually to 2,300,000,000 tons. The volume of water per unit area for power generation in case of Tadamigawa is 13.5 times as much as Colorado's 4,000,000 KW. The total capacity developed during the 1928-39 period was 243,000 KW, compared with 132,000 now under development work. So we can expect that huge energy has not been developed. Power development method, meantime, became an issue in the Overseas Consultant Incorporated Report as to which of the main stream and branch of this river should be adopted, but the Report eventually has preferred main stream development to branch.

Comparing the cost of power generation between the new concern and the existing power firms, it is reported the former has offered a cheaper rate than the latter. In the case of newly constructed plants the cost of the new company will be Y1.87 per hydro-power KWH in 1956 and a higher level of Y2.45 in 1957 against an average of Y3.75 with Y2.65 per hydro-power KWH and Y6.20 per thermal-power KWH for the old firms. On the combined computation basis of new and old equipment as of 1956, the cost, in case of the old firms, will be Y2.22 on average with Y1.13 on hydro-power basis and Y6.63 on thermal-power basis, while the new corporation's level will stand at a lower rate of Y1.87 as referred to above. While much effects are expected of the above project, the biggest problem is how to procure the funds. It is needless to mention that enormous funds will be needed for the development of reservoir-type hydro-power sites. In order to carry through this project, intensive investments should be sought by utilizing all the funds available to the maximum. The capital of Y100,000,000,000 for the development corporation will be invested, for the greater part, by the Government. Besides the capital, the remaining funds will be procured from debentures and borrowed money. Meantime, a measure is being carefully studied on Government guarantee for payment of principal and interest on foreign loans with a view to paving the way for the induction of foreign capital.

As regards staple construction materials necessary for this plan, the authorities concerned are reported to be optimistic over the procurement of those items including about 1,000,000 to 1,500,000 tons of cement, 230,000 to 280,000 tons of steel (including machinery), and 23,000-28,000 tons of wire (including aluminium wire), annually. As an undertaking to benefit related industries, the development

of power resources is now inviting great expectations of general business. With the establishment of the development company expected in the middle of September, the development of power resources will quicken its pace more.

CEMENT

The cement industry is one of the relatively few industries for which sufficient raw materials are available in our country. The basis of its production is well stabilized. Moreover, there has been a boom in this industry since the expansion of construction activities in our country which began in 1951.

I. Production

The productive capacity of the Japanese cement industry is expected to reach about 800,000 tons a month by the end of 1952. This figure includes 130,000 tons of new capacity which will result from the extension of facilities now underway to meet the increased demand and the prospects for a continued boom in this industry. The actual production since the beginning of 1951 has represented an increase of about 300,000 tons on an annual basis over the peak pre-World War II output of 6,295,000 tons in 1940. In 1950, a total of 4,451,000 tons of cement was produced in Japan. This was increased to 6,531,000 tons in 1951.

Let us consider the monthly production figures for the first half of 1952. The production was 574,000 tons in February, 565,000 tons in March, 591,000 tons in April, and 653,000 tons in May. These figures show the general upward trend. They represent an average monthly production of 595,000 tons and an annual output of 7,148,000 tons, both amounts being higher than the equivalent amounts for the preceding year.

II. Demand

The supply and demand estimates for 1952 for the cement industry in Japan are for a production of 7,480,000 tons and a demand for 7,280,000 tons. The demand for cement in our country comes chiefly from the building and construction industry, the estimated needs of which amount to 4,233,000 tons or about 58 percent of the total expected demand. Last year, the actual demand of this industry constituted about 46 percent of the total consumption. Next is the exports figure of 1,300,000 tons. The preceding figures are based upon the outlook for an increase in demand owing to the expansion of public construction projects for the development of power resources. As a productive capacity of 800,000 tons per month is expected by the latter half of 1952, the probability is that the estimated production of 7,480,000 tons for the year will be achieved if the projected extension of facilities is completed.

It is now regarded as certain that construction expenditures in our country in 1952 will amount to approximately Y340,000,000,000, thereby considerably exceeding the Y220,000,000,000 of the preceding year. The estimated demand for cement for defense and other types of construction has increased considerably since the estimate of a demand for 4,233,000 tons in 1952 for this industry was made. Consequently, it is now expected that the actual demand for cement during 1952 will be far more than the originally estimated demand of 7,280,000 tons.

The cement industry in Japan can operate most economically at 80 percent of capacity. The estimated production of 7,480,000 tons is just 78 percent of the expected production capacity. Therefore, the supply of cement will not become excessive for the time being.

III. Materials

The items other than limestone (of which there is a large supply in this country) which are needed to produce 7,480,000 tons of cement during 1952 are as follows:

Coal	2,520,000 tons
Electric power	1,104,000,000 KWH
Kraft paper	77,072,000 lbs.

Each cement maker in Japan has his own private electric power plant, so he is self-sufficient with regard to his electric power needs. There is at present an over-production of kraft paper in Japan. There is now an excessive production of low grade coal in our country, while the price of high-grade coal has been stabilized for some time.

IV. Cost

The selling price in Japan of Portland cement was Y8,000 per ton until August, 1951. Of this amount, the selling cost was Y6,300 and the margin of profit was Y1,700. Consequently, substantial profits were then being made.

The percentage cost of coal in the cost of cement has increased since then due to increases in the price of coal during the latter part of last year. The selling price of cement has also been forging up, reflecting the active demand, and in July 1952, it reached 8,700 yen per ton. However, the margin of profit has declined compared with that of 1951.

Nevertheless, we can still say that the cement industry in our country is still in a favorable position because its earning rate before the war was at the most 10 percent.

The cement industry in Japan is at present very active because of the increase in the demands of the construction industry. This situation may also continue for some time in the future. The demand in connection with electric power development projects is especially large. But the increase in demand must be accompanied by expansion of the production capacity. So the cost must be expected to rise in the future due to the expenditures for the creation of new or additional production facilities. However, the boom in the cement industry in our country will probably continue because the supply will not become excessive for the next several years.

CIVIL ENGINEERING AND POWER RESOURCES DEVELOPMENT

The development of power resources is now the biggest requirement of this country. As her topography is convenient for hydro-power development and she has very little resources such as coal and petroleum, Japan owes 60% of electric power generation capacity and 92.8% of actual electric power generation to hydraulic power. It goes without saying that electric power is an indispensable energy for the development of modern industries. With the post-war rehabilitation of industries, power shortage posed a serious problem, as Japan was almost unable to expect an increase in power supply up to 1949 after the war's end. Responsible for this predicament was the fact that enormous investments had to be locked up in power generation equipment in order to cope with the devastation of rivers and other facilities coupled with wartime vacuum in the power industry's activities. Now that power supply depends largely on hydro-power and is heavily influenced by the variation of precipitation, production of the mining and manufacturing industries was placed in an unstable position. The total volume of power supply in 1951 stood at 34,710,000,000 KWH, representing a 14.4% deficit against demand. As a result, the production program for 1951 of the mining and manufacturing industries saw a considerable cutback in output. Although the world business depression cropping up in the latter half of 1951 provided a major contributing factor for the retrenchment of power development plan, it is still the most significant requisite to develop electric power, the only industrial energy she had in abundance within its territory for a country like Japan which must play the important role as a leading industrial nation in the Far East.

basis for such activities had to be provided. ECAFE's first concern, therefore, was to undertake surveys of the economic situation in various Asian countries. In many cases work had to start from scratch. Statistics had to be collected and assessed, and in fact the whole foundation of this kind of survey work had to be established. Even today, this task—a formidable undertaking in such a vast and underdeveloped region—is by no means accomplished. But a good deal has already been achieved and in helping countries to build up their statistical services, for statistics are the essential prerequisite for planning, and planning is the basis for economic development.

Hand in hand with the collection of statistics went the development of research. ECAFE undertakes two types of research: Annual economic reviews, and research for the specific purpose of helping governments to formulate policies, concerning both economic and technical questions. The most important publication in the first group is ECAFE's Economic Survey of Asia and the Far East, which has established a position as a reference work. Supplementing the Survey is the Quarterly Economic Bulletin, which contains a larger number of statistical series relating to production, prices, and trade in the region as well as special articles dealing with topics of importance.

ECAFE's efforts to see research and study translated into practical action have developed gradually. At first, greatest need was felt in the field of industrialization, for industrialization promised quickest returns in increasing productivity, absorbing man-power, and raising standards of living. Almost simultaneously with these activities began work in the field of trade and finance, and a little later there followed ECAFE's venture into the field of transport. A special Bureau was set up for dealing with questions of flood control, and more recently ECAFE has extended its work into the field of agriculture and land reform as well as into the field of housing and building materials.

Various publications and papers have since been made available to the public on topical questions in all these fields. Published volumes include studies on flood damage and flood control activities in the region, a handbook on trade promotion facilities, and a report on foreign investment laws and regulations. Besides these publications, regional studies have been prepared on a great number of subjects, including financial institutions and the mobilization of domestic capital, industrial development plans and priorities, production and use of fertilizers and agricultural requisites, production of DDT and medical supplies, irrigation and drainage, basic materials (including metals and ores), cottage and small-scale industries, mobilization of domestic capital, heavy engineering industries, housing and building materials, wood fuel for railway locomotives, the most suitable diesel locomotives for the region, highway and bridge registers etc.

Experts from Asian and non-Asian countries have been brought together in working parties where they exchanged ideas and experiences. These working parties report to the next larger units in ECAFE's structure of committees and sub-committees, topped by the full Commission which meets once a year, usually in a different capital in one of the Asian countries. The organizational structure of ECAFE, as now stabilized, provides for a Committee on Industry and Trade (with sub-committees on iron and steel, and on electric power), and an Inland Transport Committee (with sub-committees on railways, roads, inland waterways and ports). In addition to the regular meetings held by these subsidiary bodies of the Commission, there are special conferences, of which the Trade Promotion Conference held in Singapore in 1951 (with the second Trade Promotion Conference to be held in Manila in 1953) is one of the most important. Two statistical conferences were held in 1951 and 1952 to consider, methodology and improvement of trade, balance of payments, production and price statistics, with a third one to be held in early 1954 to deal with the important subjects related to the estimation of national income.

The technical advisory services of the Commission have been asked for and welcomed by many governments in the region. Experts were provided in a variety of fields: On electricity (in connexion with the building of new power plants); ECAFE's iron and steel expert was able to give advice on problems of iron and steel manufacture; advice was given on mineral resources, the production and marketing of products of cottage and small-scale industries; ECAFE experts assisted with the improvement of postal savings facilities and other questions affecting the mobilization of domestic capital. ECAFE's flood control experts have been called for by a number of countries, and similarly its transport experts have rendered advice.

In its activities ECAFE has lately been greatly helped by the UN Technical Assistance Administration. Co-opera-

WHEELOCK MARDEN & COMPANY, LIMITED
701-707 Edinburgh House, Hong Kong
FINANCE
SHIPPING
SHIPBUILDING
SALVAGE
REAL ESTATE
MERCHANDISING
INSURANCE
WAREHOUSING
AVIATION
MOTOR VEHICLES
HONG KONG • LONDON • JAPAN • SHANGHAI

tion with TAA has taken several forms. Study trips have been jointly organized, for instance a group of Asian inland waterways experts and yet another group of railway experts visited Europe, America and some Asian countries and a group of iron and steel experts went to Japan to obtain first-hand knowledge of methods applied abroad and possibly suited for introduction in their own countries. TAA has also helped ECAFE with the organization of some conferences, for instance with the holding of a regional statistical conference. Other projects, jointly prepared with TAA, should be of considerable importance to the region. Among these is the establishment of a regional training centre in water resource development; a proposal to train officials in trade promotion in their own countries by a series of national training centres conducted by travelling experts provided by TAA (it is hoped that these experts will already participate in the Trade Promotion Conference in Manila); a seminar on the structure of industrial organization in the public sector; and a seminar and exhibition on housing and building materials. TAA has also enabled the the distribution of a large quantity of technical literature and it will assist materially to the establishment of a Railway Training Centre for operating and signalling officers, to be inaugurated later in 1953. While all this is going on, the Commission's secretariat is stimulating governments in the region to make full use of the technical assistance provided directly under the United Nations expanded technical assistance programme.

ECAFE has lately also intensified co-operation with its European sister organization, the Economic Commission for Europe (ECE). This applies particularly to the preparation of a joint study of ways to increase trade between Europe and the ECAFE region.

In the relatively short time of its existence ECAFE's efforts and activities have contributed to the material understanding and sympathy among the nations and thereby strengthened the indispensable foundation of friendly and peaceful co-operation throughout the world. And it is to a considerable extent through ECAFE that the United Nations brings modern knowledge and techniques to half of the human race to help them build a better future.

The present 14 members of the Commission are: Australia, Burma, China, France, India, Indonesia, Netherlands, New Zealand, Pakistan, Philippines, Thailand, Union of Soviet Socialist Republics, United Kingdom and United States of America. The present 9 associate members of the Commission are (that is countries which are non-self-governing territories or are not members of the United Nations): Cambodia, Ceylon, Hongkong, Japan, Republic of Korea, Laos, Malaya and British Borneo, Nepal, and Viet-Nam. The Commission's activities cover the following area: Brunei, Burma, Cambodia, Ceylon, China, India, Indonesia, Japan, Hongkong, Korea, Laos, Federation of Malaya, Nepal, North Borneo, Pakistan, Philippines, Sarawak, Singapore, Thailand and Viet-Nam. The Commission, since its inception, has held nine sessions: at Shanghai, Baguio (Philippines), Ootacamund (India), Lapstone (Australia), Singapore, Bangkok, Lahore (Pakistan), Rangoon (Burma), and Bandung (Indonesia).

* * *

HONGKONG'S GIFT TO THE HOME GOVERNMENT

The announcement that the Hongkong Government is donating the sum of eight million dollars to the British Government, over and above the sixteen million dollars already allocated in recognition of the heavy expenditure which is being incurred in the defence of the free world and in the reinforcement of the Colony's garrison, is welcome news.

The intense relief felt when the first division arrived to ensure the safety of the Colony is not too long ago to have been easily forgotten, and since that time Hongkong has never been without an ample defence force. Today these military installations have become so integral a part of the Colony that their departure would leave a gap. Apart from this, however, the far more important point must be borne in mind that their very presence in the Colony gives the community a sense of security that would otherwise be lacking, and for this much gratitude is due to the Home Government.

For this security and the comfort to the community of being able to carry on its ordinary life without hindrance, the sum now paid to the British Government is not large, but it does serve as a practical acknowledgement of indebtedness.

It is true that the Colony with its varied terrain offers a unique training ground for the armed forces, not only for local defence but also for those destined for Korea; and it has consequently proved its value to Great Britain in assisting in a wide disposition of forces. In this way, therefore, perhaps both the training of British recruits and the security of Hongkong may be considered as synonymous; but nevertheless it is well to realise from time to time what the presence of the army means to the inhabitants of the Colony.

GILMAN & CO. LTD. 1841 HONGKONG

ESTABLISHED 1841

GILMAN & COMPANY LTD.

- MERCHANTS
- SHIPPING AND INSURANCE
- LLOYD'S AGENTS

HEAD OFFICE: 4A DES VOEUX ROAD, CENTRAL, HONG KONG. CABLES: GILMAN HONG KONG.

AN ANALYSIS OF ADMINISTRATIVE REGIONS IN CHINA

By A. S. Chang

There have taken place a number of changes in the administrative system of China since the Chinese Communists came into power in 1949. One of them is the establishment of regional jurisdictions interposed between the provincial levels and the Central People's Government. Some of the names of the regions are newly coined, such as the "Central South" or "East China," while others, despite their being old names, such as the "South-west" or "North China," differ from the old ones in their connotation. To understand the administrative system of Communist China, it is necessary to acquaint oneself with her regional jurisdictions.

I. Administrative Units

The People's Republic of China is divided into 8 major administrative units, including 6 "Greater Administrative Regions" and 2 self-governing areas. The former are North China, the North-east, the North-west, East China, the Central South and the South West, while the latter are Inner Mongolia and Tibet. The 6 "Greater Administrative Regions" now include 2 centrally governed municipalities, 30 provinces, and 11 regionally governed municipalities. All provinces, except Taiwan (considered as a province in the East China Region), have jurisdiction over 85 municipalities, 188 special districts, 174 hsien, 5 self-governing districts, 3 districts, 1 "administrative district" (Hainan Island), the Hwaipei Salt District, 10 kyi, and 2 "governing bureaus". All the districts, in turn, govern 43 minor municipalities, 1,555 hsien, 16 kyi, 2 districts, 11 towns, 17 "governing bureaus," 1 self-governing district, 5 mining localities, 3 ports and the special locality of Changshan Island.

It may be observed in this connection that the "special district" levels are universally interposed between the provincial jurisdictions and the hsien governments. They are similar to the "Tao" system in the Ching dynasty, but they were only occasionally established as "special Commissioner's Offices" during the Nationalist regime. It is also worthy of notice that the number of municipalities has been increased to 130 as compared with that in the days of the Nationalist rule and that they are now of 4 grades: (1) 2 directly under the Central Government, (2) 11 under the regional authorities, (3) 85 under the provincial governments and (4) 47 (including 4 in Inner Mongolia) under the jurisdiction of "special district" (in provinces) or Meng (in Inner Mongolia) authorities. It may be remembered that during the Nationalist regime only the first and the third kind of municipalities existed, the former being known as "special municipalities", as contrasted with "ordinary" municipalities under the control of provincial governments.

II. The North China Region

The term "North China" is a familiar one, usually covering 5 provinces with Honan and Shantung included. But as it is now used by Chinese Communists, the North China region comprises 2 centrally governed municipalities (Peking and Tientsin) and 3 provinces, i.e., Hopei, Shansi and Suiyuan. Only a month ago it also included Chahar and the Communist-created province of Pingyuan, located between Shantung and Honan. Now that these two provinces have recently been abolished, 13 of the hsien of Chahar and one municipality have been restored to Shansi, the other 16 hsien and 2 municipalities being incorporated into Hopei, while 29 of the 56 hsien of Pingyuan have been restored to Shantung and the other 27 hsien, 2 municipalities and one mining locality being combined with Honan. Thus Shansi and Hopei are, to-day, larger than they used to be during the Nationalist regime.

It should be noted that the North China Region is under the direct jurisdiction of the Central People's Government. This is why there has been only a "North China Regional Administrative Council" ever since the establishment of the Central People's Government, as contrasted with the "Regional Military and Political Council" or the "Regional People's Government" in other 5 regions.

The 3 provinces in this region have jurisdiction over 10 municipalities, 22 special districts, 2 tribal self-governing districts and 2 kyi. All these, except the 10 municipalities, in turn, govern 274 hsien, 16 kyi, 11 towns and 4 mining localities.

The Provincial People's Government of Hopei is located at Paoting, a provincially controlled municipality. It has jurisdiction over 6 municipalities and 12 "special districts". The latter in turn govern 148 hsien, 10 towns and one mining locality. Before its incorporation of the 16 hsien and 2 municipalities of Chahar, the area of Hopei was 120,000 square kilometres and its population was over 29,000,000.

The Provincial People's Government of Shansi, located at Taiyuan, has jurisdiction over 2 municipalities and 7 special districts. The special districts, in turn, govern 104 hsien, one town and 2 mining localities. Before its incorporation of the 13 hsien and one municipality of Chahar, the area of Shansi was 135,000 square kilometers and its population was 10,790,000.

The province of Chahar before its abolition consisted of an area of 76,000 square kilometers with a population of 3,890,000. How these are now distributed between Hopei. and Shansi is not yet known.

The Provincial People's Government of Suiyuan, located at Kwaisui, has jurisdiction over 2 municipalities, 3 special districts, 2 tribal self-governing districts and 2 major kyi. These special and self-governing districts and kyi in turn govern 22 hsien, 16 minor kyi and one mining locality. In Suiyuan there is an area of 239,000 square kilometers with a population of 2,250,000.

In North China there are also 2 centrally-governed municipalities, Peking and Tientsin, in addition to the 3 provinces mentioned above. In Peking there is an area of 700 square kilometres with a population of 2,240,000 and in Tientsin there is an area of 55 square kilometers with a population of 2,010,000.

III. The North-eastern Region

The North-eastern region is one in which a regional People's Government was first established (at Mukden) even before the formation of the Central People's Government. This regional government has jurisdiction over 5 municipalities and 6 provinces i.e., Liaotung, Liaohsi, Kirin, Sungking, Heilungkiang, and Jehol. These provinces in turn govern 18 municipalities, 3 special districts, 6 kyi, and 136 hsien. The 3 special districts also rule over 21 hsien.

The Liaotung Provincial People's Government, located at Antung, has jurisdiction over 5 municipalities, 16 hsien and the special district of Tunghwa, which also governs 12 hsien. In Liaotung there is an area of 103,000 square kilometers with a population of 8,550,000.

The Liaohsi Provincial People's Government, located at Jinchow, has jurisdiction over 4 municipalities and 21 hsien.

In Liaohsi there is an area of 56,000 square kilometers with a population of 7,390,000.

The Provincial People's Government of Kirin, located at the city of Kirin, has jurisdiction over 2 municipalities, 17 hsien and the special district of Yenbien which governs 5 hsien. In the province of Kirin there is an area of 120,000 square kilometers with a population of 6,930,000.

The Provincial People's Government of Sungkiang, located at Harbin, has jurisdiction over 4 municipalities and 32 hsien. In Sungkiang there is an area of 205,200 square kilometers with a population of 5,150,000.

The Provincial People's Government of Heilungkiang, located at Tsitsihar, has jurisdiction over the municipality of Tsitsihar, 34 hsien, 2 kyi and the special district of the Black River, which governs 4 hsien. In Heilungkiang there is an area of 283,000 kilometers with a population of 5,520,000.

The Provincial People's Government of Jehol, located at Chengteh, has jurisdiction over 2 municipalities, 16 hsien and 4 kyi. In Jehol there is an area of 114,000 kilometers with a population of 4,899,000.

In addition to these 6 provinces, there are 5 regionally-governed municipalities, Shenyang (Mukden), Fu-shun, An-shan,, Penhsi, and the joint municipality of Port Arthur and Dairen. In Shenyang there is an area of 3,100 square kilometers with a population of 1,790,000. In Fu-shun there is an area of 100 square kilometers with a population of 230,000. The area of An-shan is 360 square kilometers, its population being 185,000, while that of Penhsi is 40 square kilometers, its population being 94,000. In the joint municipality of Port Arthur and Dairen there is an area of 3,400 square kilometers with a population of over 1,010,-000.

IV. The North-western Region

The North-western Regional Military and Political Council, located at Sian, has jurisdiction over the municipality of Sian and 5 provinces, i.e., Shensi, Kansu, Ningsha, Chinghai and Singkiang. These provinces, in turn, govern 5 municipalities, 27 special districts, 32 hsien, 2 kyi, 2 "governing bureaus," 3 districts, and 2 self-governing districts. All these special districts and self-governing districts also rule over 242 hsien, 5 municipalities, 2 "central districts," and 3 self-governing districts.

The Provincial People's Government of Shensi, also located at Sian, has jurisdiction over one hsien (Chang-an) and 9 special districts, which, in turn, govern 94 hsien and 2 municipalities. In Shensi there is an area of 192,000 square kilometers with a population of 10,450,000. Besides, in the regionally governed municipality of Sian there is an area of 220 square kilometers with a population of 700,000.

The Provincial People's Government of Kansu, located at Lanchow, has jurisdiction over the municipality of Lanchow, 2 hsien, one self-governing district (Jwo-ni) and 8 special districts. These special districts, in turn, govern 3 municipalities, 67 hsien and 3 self-governing districts. In Kansu there is an area of 391,000 square kilometers with a population of 10,200,000.

The Provincial People's Government of Ningsha, located at Yinchwei, has jurisdiction over 2 municipalities, 13 hsien and 2 kyi. In Ningsha there is an area of 274,000 square kilometers with a population of 710,000. The Provincial Government of Chinghai, located at Si-ning, has jurisdiction over the municipality of Si-ning, 16 hsien 2 "governing-bureaus", 3 districts, and one self-governing district (Yu-shu). This self-governing district rules over 3 hsien. In Chinghai there is an area of 824,000 square kilometers with a population of 1,310,000.

The Provincial People's Government of Singkiang, located at Tihwa, has jurisdiction over the municipality of Tihwa and 10 special districts, which in turn govern 78 hsien and 2 "central districts". In Singkiang there is an area of 1,711,000 square kilometers with a population of over 5,000,000.

V. The East China Region

The East China Regional Military and Political Council, located at Shanghai, has jurisdiction over 2 municipalities (Shanghai and Nanking), 6 provinces, i.e., Shantung, Anwhei, Kiangsu, Chekiang, Fukien, and Taiwan. These provinces, except Taiwan, in turn, govern 19 municipalities, 44 special districts, 5 hsien, and the Hwaipei Salt District. All these also rule over 21 municipalities, 426 hsien, 2 districts and 1 special locality.

The Provincial People's Government of Shantung, located at Tsinan, has jurisdiction over 4 municipalities and 14 special districts, which, in turn, govern 6 municipalities, 154 hsien, and the special locality of Changshan Island. Before its recovery of 29 hsien from the recently-abolished province of Pingyuan, the area of Shantung was 138,000 square kilometers with a population of 40,500,000.

The province of Anwhei was, until recently, divided into 2 "Administrative Headquarters Areas", North and South. Now the province is restored and its capital is Ho-fei. The Provincial People's Government has jurisdiction over 5 municipalities, one hsien and 7 special districts. These special districts, in turn, govern 4 municipalities and 71 hsien. In Anhwei there is an area of 146,500 square kilometers with a population of 24,460,000.

The province of Kiangsu was, until recently, divided into 2 "Administrative Headquarters Areas," North and South, which are now reunited as one province with its capital at Nanking. The new Provincial People's Government has jurisdiction over 4 municipalities, 8 special districts, one hsien and the Hwai Peh Salt District. The special districts, in turn, govern 6 municipalities and 60 hsien. In Kiangsu there is an area of 899,000 square kilometers with a population of 33,060,000.

The Provincial People's Government of Chekiang, located at Hangchow, has jurisdiction over 4 municipalities, 3 hsien and 7 special districts, which in turn govern 3 municipalities, 73 hsien and 2 districts. The provincially-governed municipality of Hangchow also governs the hsien of Hangchow. In Chekiang there is an area of 102,500 square kilometers with a population of 19,760,000.

The Provincial People's Government of Fukien, located at Foochow, has jurisdiction over 2 municipalities and 8 special districts. These special districts, in turn, govern 2 municipalities and 67 hsien. In Fukien there is an area of 120,000 square kilometers with a population of 11,150,-000.

In addition to the 6 provinces discussed above, there are in East China also 2 regionally governed municipalities, Shanghai and Nanking. In Shanghai there is an area of 893 square kilometers with a population of 5,410,000, while in Nanking there is an area of 466 square kilometers with a population of 1,020,000.

VI. The Central Southern Region

The People's Government of the Central Southern Region, located at Hankow, has jurisdiction over 2 municipalities, Wuhan and Canton, and 6 provinces, i.e., Honan, Hupeh, Hunan, Kiangsi, Kwangtung and Kwangsi. These provinces, in turn, govern 23 municipalities, 52 special dis-

tricts and the "administrative district" of Hainan. All these districts also rule over 16 municipalities, 454 hsien, 1 town, 1 mining locality, 1 self-governing district and 3 ports.

The Provincial People's Government of Honan, located at Kaifeng, has jurisdiction over 4 municipalities and 11 special districts. These special districts, in turn, govern 8 municipalities, 119 hsien and one mining locality. Prior to the incorporation of the 27 hsien, 2 provincially governed municipalities and one mining locality of the recently abolished province of Pingyuan, there was in Honan an area of 154,000 square kilometers with a population of 30,460,000.

In the defunct province of Pingyuan there was an area of 53,000 square kilometers with a population of 16,400,000. Since the province is divided between Honan and Shantung, how these are distributed is still unknown.

The Provincial People's Government of Hupei, located at Wuchang, has jurisdiction over 4 municipalities and 7 special districts, which, in turn, govern 74 hsien. In Hupei there is an area of 186,000 square kilometers with a population of 21,470,000.

The Provincial People's Government of Hunan, located at Changsha, has jurisdiction over 2 municipalities, one self-governing district of the Mia tribe, and 8 special districts. The special districts, in turn, govern 77 hsien. In Hunan there is an area of 205,000 square kilometers with a population of 31,000,000.

The Provincial People's Government of Kiangsi, located at Nanchang, has jurisdiction over 2 municipalities, and 9 special districts. The special districts, in turn, govern 4 municipalities and 82 hsien. In Kiangsi there is an area of 173,000 square kilometers with a population of over 17,000,000.

The Provincial People's Government of Kwangtung, located at Canton, has jurisdiction over 6 municipalities, 8 special districts and the "administrative district" of Hainan. All these districts, in turn, govern 98 hsien, one town and 3 ports. The Provincial People's Government of Kwangsi, located at Nan-ning, has jurisdiction over 5 municipalities, and 9 special districts, which, in turn, govern 81 hsien. Prior to some adjustments of jurisdictions over certain hsien between Kwangtung and Kwangsi, there was in Kwangtung an area of 221,000 square kilometers with a population of 26,680,000, while there was in Kwangsi an area of 211,000 square kilometers (excluding the special district of Tsinchow) with a population of 18,000,000. After the adjustments no exact figures are available.

In addition to the 6 provinces mentioned above, there are 2 municipalities, Wuhan and Canton, which are under the direct jurisdiction of the Regional Military and Political Council. The municipality of Wuhan consists of 3 cities, i.e., Wuchang, Hankow and Hanyang, and its area is 258 square kilometers with a population of 1,090,000. In the municipality of Canton there is an area of 253 square kilometers with a population of 1,210,000.

VII. The South-western Region

The Military and Political Council of the South-western Region, located at Chungking, has jurisdiction over the municipality of Chungking and 4 provinces, i.e., Szechuen, Kweichow, Yunnan and Sikang. These provinces, in turn, govern 10 municipalities, 40 special districts, one hsien and one self-governing district. The special districts also rule over 6 municipalities, 380 hsien and 17 "governing bureaus."

The province of Szechuen was, until recently, divided into 4 "Administrative Headquarters Areas," East, West, South and North. Now the province is restored with the abolition of these areas. The Provincial People's Government of Szechuen has jurisdiction over 6 municipalities and 17 special districts, which, in turn, govern 138 hsien and 3 municipalities. In Szechuen there is an area of 303,500 square kilometers with a population of 46,520,000.

The Provincial People's Government of Kweichow, located at Kweiyang, has jurisdiction over the municipality of Kweiyang and 8 special districts, which, in turn, govern 79 hsien. In Kweichow there is an area of 170,000 square kilometers with a population of 13,000,000.

The Provincial People's Government of Yunnan, located at Kunming, has jurisdiction over 2 municipalities, one hsien (Kunming) and 12 special districts. These special districts, in turn, govern 3 municipalities 113 hsien and 15 "governing bureaus." In Yunnan there is an area of 420,000 square kilometers with a population of 12,400,000.

The Provincial People's Government of Sikang, located at Ya-an, has jurisdiction over the municipality of Ya-an, 3 special districts and the self-governing district of Tibetans. The special districts and the self-governing district, in turn, govern 50 hsien and 2 "governing bureaus." In Sikang there is an area of 529,000 square kilometers with a population of 1,750,000.

In addition to the 4 provinces mentioned above, there is in the South-western Region one regionally governed municipality, Chungking, in which there is an area of 328 square kilometers with a population of 2,010,000.

VIII. The Self-governing Areas

Besides the six Greater Administrative Regions, there are two self-governing areas: Inner Mongolia and Tibet. The Inner Mongolian Self-governing Area is composed of parts of the provinces of Liaopei, Jehol and Chahar. Its People's Government, first established in 1947 and temporarily located at Kweisu in the province of Suiyuan, has jurisdiction over 6 meng, which, in turn, govern 4 municipalities, 7 hsien and 33 kyi. In the Inner Mongolian Self-Governing Area, there is an area of 628,000 square kilometers with a population of 2,330,000.

In Tibet there is an area of 1,215,000 square kilometers with a population of over 900,000. It was "peacefully liberated" in May 1951 through an agreement with the Central People's Government, and it has been made a Self-governing Area. Presumably a People's Government has been established in Tibet, but no data are available as regards the various levels of administrative jurisdictions therein.

IX. Recent Reorganization of Regional Governments

From the above analysis, it will be easily seen that the Central People's Government has, until recently, governed only the North China Region, including the 2 municipalities of Peking and Tientsin, for the North China Regional Administrative Council is simply an outpost of the Government. But the Military and Political Councils in the North-western, East China, Central Southern and South-western regions are really regional governments, rather independent of the Central People's Government. In the North-eastern region, the Regional People's Government is further removed from Peking than these 4 regions, for it has signed trade agreements with Soviet Russia by its own right. If this state of affairs should continue, the Central People's Government would be a mere figurehead.

It was for this reason that the Council of the Central People's Government passed, on Nov. 15, 1952, a resolution on the reorganization of all levels of administrative jurisdictions. The 3 main provisions are as follows:

1. All Regional People's Governments or Military and Political Councils should be reorganized as Regional Administrative Councils to represent the Central People's Government in various regions in directing and supervising local administrations. The chairmen, vice-chairmen and members of such councils should be appointed and removed by the Central People's Government upon the nomination by the Executive Council (the Cabinet). This is certainly modelled upon the North China Administrative Council.

2. The various commissions under previous regional authorities, such as financial and economic commissions, cultural and educational commissions, etc., should remain under the new Administrative Councils.

3. The various ministries under previous regional authorities, such as the Ministry of Finance, the Ministry of Education, etc., should be reorganized as bureaus, some of which should be taken over by the ministries of the Central Government concerned. So the bureaus in the regions shall be of two kinds: (a) those under the jurisdiction of regional administrative councils and at the same time under the direction of various regional commissions concerned; (b) those under the direct jurisdiction of the ministries of the Central Government concerned, thus becoming specialized management bureaus, but at the same time also under the direction and supervision of regional administrative councils and regional commissions concerned.

All these three provisions are, no doubt, intended to strengthen the Central People's Government and weaken the regional authorities. In other words, an attempt is made to bring all other 5 regional authorities to the same status of the North China Administrative Council. This is a policy of centralization as against decentralization. It is also provided that these measures of reorganization should be put into effect not later than the end of 1952. Whether they will encounter any resistance on the part of regional authorities and how far they can be accomplished, only time can tell.

X. Some Observations

In the first place, it may be noted that the so-called "Greater Administrative Regions" exactly follow the military zones of various field armies, which have been gradually developed throughout the period of the Communist revolution in China. History certainly repeats itself in that the modern Chinese provinces which were also first created as military zones of occupation when Chu Feng-wu, founder of the Ming Dynasty conquered all of China, and which have subsequently become administrative areas.

In the second place, the Chinese Communists seem to have a firm belief in the principle of dual supervision as against the principle of unity of command. The various ministries or departments in each region have been under the direct jurisdiction of the Regional Military and Political Council and at the same time also under the regional commissions concerned. Even when they are reorganized as bureaus, they are still subject to the same dual supervision. If they are taken over by the central ministries, they will be under triple supervision. The same principle applies also in the lower levels of local administration, as well as in the Central People's Government itself.

The principle of dual supervision as applied in foreign countries, is based on the technical nature of the subject matter involved. But its universal application in Communist China is rather derived from the belief in the theory of checks and balances. To what extent unnecessary delay, jurisdictional friction and mutual evasion of responsibility have been caused by this universal adoption of dual supervision in the public administration of Communist China, is a question yet to be answered.

In the third place, the military men seem to dominate the regional administration in Red China to-day just as in the China of yesterday. Of course, they must be communists of long-standing, but as long as they cannot be divorced from civil administration, it is doubtful that public administration in Red China can reach the highest standard.

NOW!

New Super-6 Clippers
non-stop to
TOKYO

- Super-6 Clipper* service connecting Europe and the Orient now flies through to Tokyo!
- Only 7 hours from Hong Kong to Tokyo — non-stop!
- Super-6 Clippers are newest, fastest airliners in Pan American's world-wide fleet!
- Pressurized, air-conditioned, sound-proofed for your extra comfort!
- Luxurious lounge . . . delicious meals!
- No extra fare!

For reservations, call your Travel Agent or
Alexandra House, Phones 36474, 36576
Peninsula Hotel, Phone 57694
Clipper Information Desk (24 hour service),
Phone 37031 · Hong Kong

*Trade-Mark, Pan American World Airways, Inc.

PAN AMERICAN
WORLD'S MOST EXPERIENCED AIRLINE
Pan American World Airways, Inc., Incorporated in the State of New York, U.S.A., with limited liability

HONGKONG MANUFACTURED GOODS

Exported under Certificates of Origin & Imperial Preference in November 1952.

Certificates of Origin and Imperial Preference issued by the Department totalled 2,417 and 1,749 respectively. The value of products exported at $15,671,458 represented an increase of $1,155,969 over the previous month's figure. Principal increases noted were: cotton piece goods by $322,918, shirts and garments by $863,832, canned foodstuffs by $267,536, socks by $261,677. Noticeable decreases were: rubber shoes by $130,745, knitted ware by $137,634, enamelware by $157,098. Fees collected for Certificates of Origin and Imperial Preference totalled $13,705 and $9,740 respectively and these, with Form 120A (Malaya) $1,545, constituted a grand total of $24,990, an increase of $1,865 over that of the previous month.

The total value of locally-made goods exported during November under Certificates of Origin & Imperial Preference was $15,671,458, an increase of $1.1 million as compared with the value for October of $14.5 million.

For the period Jan.-Nov. 1952 the total amount exported under this heading was $202,705,700.

Exports to the USA in November amounted to $2.4 million (October $2.9 m). Malaya came next with $2.1 m (Oct. $1.5 m); followed by East Africa (Br.) $1.8 m (Oct. $1.4 m); Thailand $1.6 m ($499,869); Philippines $1.3 m ($1.3 m) and West Africa (Br.) $921,912 ($1.1 m).

NOTICE

It is with pleasure that we announce that we have now established Agencies in AUSTRALIA, JAPAN and SINGAPORE and we will be very pleased to handle any enquiries concerning property in these countries.

HARRIMAN REALTY COMPANY, LIMITED.

REAL ESTATE AGENTS SURVEYORS, VALUERS & PROPERTY MANAGERS.

King's Building, 2nd Floor, Hong Kong. Tel. 35846.

H.K. MANUFACTURED GOODS

Exported Under Certificates of Origin & Imperial Preference Certificates During November, 1952

	$
United Kingdom	692,125
West Africa (British)	921,912
South Africa (British)	791,376
East Africa (British)	1,758,733
Canada	212,666
Ceylon	698,431
India	8,658
Malaya (British)	2,116,956
New Zealand	65,806
North Borneo (British)	170,199
Pakistan	97,597
West Indies (British)	634,954
Br. Commonwealth, Other	855,010
Egypt	12,113
U.S.A.	2,408,146
Central America	335,925
South America	171,316
Burma	117,906
Formosa	13,800
Indonesia	8,793
Japan	11,400
Philippines	1,322,503
Thailand	1,592,474
Portuguese East Africa	297,287
European Countries, Other	266,462
Asian Countries, Other	88,810
Total	15,671,458
Total from Jan. to Oct. 1952	187,034,242
Grand Total (11 Months)	202,705,700

HONGKONG IMPORTS & EXPORTS OF TEXTILES

For January-October 1952

COTTON FABRICS OF STANDARD TYPE (NOT INCLUDING NARROW AND SPECIAL FABRICS)

Drills, ducks, and jeans, grey (unbleached)

	1952 Jan.-Oct. Sq. Yd.	$
Imports		
Total	**4,020,346**	**6,940,441**
United Kingdom	411,182	1,413,092
India	681,061	1,055,745
Japan	2,838,000	4,141,953
Exports		
Imported goods	**642,032**	**1,033,249**
Malaya	64,954	91,735
Indonesia	74,908	181,700
Thailand	484,570	718,299
Locally manufactured goods	**5,723,246**	**11,161,581**
United Kingdom	616,494	1,306,828
Malaya	777,536	1,923,025
Formosa	1,406,039	3,397,604
Indonesia	2,337,969	3,654,166
Philippines	106,291	138,928
Thailand	237,282	301,555

Shirtings, grey (unbleached)

Imports		
Total	**11,497,758**	**13,861,998**
India	174,864	208,178
Malaya	739,822	808,403
Japan	10,087,339	12,158,016
Germany	398,400	567,460

Sheetings, grey (unbleached)

	1952 Jan.-Oct. Sq. Yd.	$
Imports		
Total	**17,242,058**	**23,000,480**
India	2,051,841	2,189,778
Malaya	876,735	943,430
Japan	13,547,874	18,882,799
Italy	298,120	399,100
Exports		
Imported	**8,724,125**	**10,959,076**
Africa (British)	118,199	157,224
Malaya	244,000	282,550
British Comm., other	384,760	518,928
China, (excluding Formosa)	90,293	137,400
Formosa	3,116,000	3,606,057
Indonesia	3,232,000	4,333,810
Thailand	1,452,553	1,800,612
Locally manufactured	**6,438,365**	**8,148,709**
United Kingdom	108,500	175,700
Africa (British)	137,590	161,890
British Comm., other	370,200	486,485
Formosa	3,231,500	4,131,134
Indonesia	1,360,000	1,761,851
Philippines	1,093,204	1,245,728

Cotton fabrics, grey (unbleached), n.e.s.	1952 Jan.-Oct. Sq. Yd.	$
Imports		
Total	**448,460**	**795,167**
United Kingdom	71,851	217,001
U.S.A.	100,082	169,963
Japan	205,970	282,836
Belgium	11,905	39,300
Netherlands	22,730	50,367
Exports		
Total	**1,321,940**	**3,397,523**
Australia	8,550	14,000
Formosa	1,280,000	3,338,393
Indonesia	7,980	14,000
Thailand	20,010	22,580
Cotton velvets & plushes		
Imports		
Total	**89,817**	**557,710**
United Kingdom	39,820	264,723
Germany	11,418	67,916
Netherlands	22,552	143,783
Exports		
Total	**11,199**	**69,815**
Formosa	7,270	52,000
Thailand	3,281	14,000
Drills, ducks, jeans & mattings (white or dyed)		
Imports		
Total	**4,315,288**	**8,453,220**
United Kingdom	410,980	1,445,705
Malaya	412,242	550,814
U.S.A.	139,376	551,013
Japan	2,999,547	4,875,654
Netherlands	53,801	205,997
Switzerland	54,247	271,310
Exports		
Total	**48,325,660**	**75,233,763**
Africa (British)	334,622	603,362
Australia	94,333	202,536
Malaya	1,394,712	2,514,737
Formosa	300,119	907,161
Indonesia	43,409,809	66,173,276
Macao	195,662	365,003
Philippines	149,761	173,074
Thailand	2,100,174	3,733,108
Shirtings, white		
Imports		
Total	**8,781,518**	**11,870,197**
Malaya	307,556	416,190
U.S.A.	280,273	642,887
Japan	7,413,038	9,708,477
Netherlands	553,253	753,413
Exports		
Total	**10,262,135**	**13,978,586**
Africa (British)	127,397	350,400
Malaya	155,964	173,313
Formosa	130,768	163,622
Indonesia	4,462,498	6,194,452
Philippines	413,180	442,480
Thailand	4,811,483	6,383,354
Sheetings, white		
Imports		
Total	**4,736,197**	**7,393,087**
United Kingdom	49,017	133,479
Malaya	30,400	48,640
U.S.A.	24,939	42,280
Japan	4,617,974	7,140,568

	1952 Jan.-Oct. Sq. Yd.	$
Exports		
Total	**3,920,738**	**5,460,247**
Malaya	201,801	378,787
British Comm., other	164,000	220,410
Indonesia	170,620	326,166
Thailand	3,313,430	4,433,763
Poplins		
Imports		
Total	**5,340,022**	**10,131,494**
United Kingdom	144,838	564,548
India	181,583	298,983
Malaya	258,435	403,273
U.S.A.	682,487	1,321,685
Japan	3,565,589	6,515,415
Czechoslovakia	166,449	281,222
Netherlands	274,973	558,930
Exports		
Total	**2,540,206**	**4,796,740**
Malaya	341,189	621,105
Formosa	531,254	906,499
Indonesia	227,315	357,006
Korea, South	182,556	279,654
Thailand	1,235,730	2,601,715
Cotton fabrics, other than grey, n.e.s.		
Imports		
Total	**19,793,493**	**34,638,747**
United Kingdom	1,638,970	5,347,670
Malaya	2,292,523	2,916,177
U.S.A.	1,652,908	4,681,868
Japan	13,366,842	19,092,900
Exports		
Total	**36,570,370**	**50,994,286**
United Kingdom	472,312	943,834
Africa (British)	524,354	743,261
Malaya	4,700,250	7,290,762
British Comm., other	1,018,029	1,246,422
Formosa	1,218,493	2,042,917
Indonesia	15,094,550	20,290,542
Macao	1,786,343	2,674,107
Philippines	3,859,356	4,648,139
Thailand	6,867,311	9,590,100

TEXTILE FABRICS OF STANDARD TYPE (NOT INCLUDING NARROW AND SPECIAL FABRICS), OTHER THAN COTTON FABRICS

Silk fabrics, wholly of silk		
Imports		
Total	**2,152,735**	**10,682,000**
United Kingdom	27,020	143,411
China, (excluding Formosa)	1,586,283	8,885,169
Japan	489,502	1,408,517
Exports		
Total	**1,131,376**	**4,616,624**
United Kingdom	60,441	197,831
Malaya	39,813	239,889
Pakistan	97,986	522,348
British Comm., other	68,380	349,186
Indochina	123,986	392,109
Thailand	314,921	1,135,865
Asian Countries, other	93,835	402,565
France	108,208	474,109
Germany	49,102	123,025
Netherlands	35,734	119,429
Switzerland	26,210	144,630

Other silk fabrics, n.e.s., of silk mixed with other textile fibres	1952 Jan.-Oct. Sq. Yd.	$
Imports		
Total	**223,077**	**635,075**
United Kingdom	50,320	173,803
China, (excluding Formosa)	6,311	34,166
Japan	134,057	299,016
Italy	10,000	32,400
Netherlands	13,347	36,718
Switzerland	5,065	33,860
Exports		
Total	**331,060**	**992,941**
Malaya	37,338	127,620
Pakistan	29,130	121,575
Indonesia	18,240	69,362
Thailand	158,639	454,693
Asian Countries, other	56,864	114,070
Woollen suitings and tweeds		
Imports		
Total	**1,900,683**	**32,349,328**
United Kingdom	1,787,592	30,784,639
Japan	17,171	268,890
Italy	53,500	699,475
Netherlands	23,571	306,039
Exports		
Total	**84,060**	**1,754,502**
China, (excluding Formosa)	2,275	41,440
Formosa	2,683	84,045
Japan	71,082	1,450,339
Philippines	2,574	70,907
Other fabrics, all wool or fine hair		
Imports		
Total	**341,978**	**5,259,386**
United Kingdom	238,552	3,862,488
Japan	44,925	685,228
Italy	51,564	608,658
Netherlands	5,096	61,095
Exports		
Total	**210,830**	**2,611,289**
China, (excluding Formosa)	8,957	220,157
Formosa	11,120	111,568
Japan	148,263	1,742,889
Korea, South	17,386	224,923
Thailand	12,118	126,232
Other fabrics of wool or fine hair mixed with other textile fibres		
Imports		
Total	**1,018,028**	**7,035,709**
United Kingdom	647,270	4,902,349
Japan	28,314	233,172
Italy	295,566	1,547,240
Netherlands	20,862	134,596
Exports		
Total	**843,774**	**4,726,613**
Malaya	27,113	120,991
Formosa	40,579	196,169
Japan	718,334	4,114,904
Macao	16,521	101,671

Linen, hemp, jute and ramie fabrics	1952 Jan.-Oct. Sq. Yd.	$
Imports		
Total	**1,732,055**	**4,468,215**
United Kingdom	625,939	2,970,516
India	633,500	451,609
U.S.A.	37,111	134,056
China, (excluding Formosa)	230,491	139,324
Japan	106,746	317,419
Belgium	53,805	287,659
Exports		
Total	**664,065**	**2,409,238**
Malaya	96,817	137,039
China, (excluding Formosa)	388,412	1,835,471
Formosa	127,144	155,015
Philippines	24,716	141,500
Velvets & plushes of artificial textile fibres, pure or mixed with other textile fibres		
Imports		
Total	**63,975**	**522,507**
U.S.A.	33,288	350,445
Japan	19,090	30,853
France	7,995	99,878
Germany	2,556	30,561
Exports		
Total	**13,677**	**39,092**
Malaya	4,067	16,520
Korea, South	1,800	5,400
Asian Countries, other	7,810	17,172
Fabrics of synthetic fibres and spun glass, n.e.s.		
Imports		
Total	**47,137,508**	**76,417,679**
United Kingdom	2,809,372	8,770,329
U.S.A.	4,216,123	13,936,622
Japan	37,855,298	47,000,808
Italy	520,165	1,451,636
Netherlands	819,700	1,911,928
Switzerland	161,276	966,181
Exports		
Total	**18,049,557**	**28,665,541**
Africa (British)	256,617	626,552
Malaya	7,886,492	12,220,739
Burma	662,030	1,114,665
Indonesia	2,052,355	4,402,655
Thailand	5,090,498	6,963,951
Asian Countries, other	1,257,102	1,745,849
Fabrics, n.e.s. (incl. fabrics made of coarse hair & of paper yarn)		
Imports		
Total	**176,043**	**781,288**
United Kingdom	80,012	282,164
U.S.A.	30,741	162,350
Japan	39,355	68,034
France	9,084	158,837
Netherlands	9,253	59,262
Exports		
Total	**53,626**	**117,000**
Indonesia	3,115	11,720
Thailand	46,327	91,000

FINANCE & COMMERCE

FOREIGN EXCHANGE OUTLOOK 1953

From Guenter Reimann (New York)

The belief that the dollar will be devalued during the new year—up to 40% according to a completely unfounded but widely circulated rumour—and therefore soft currencies will be strong may easily lead to false conclusions, especially to exaggerated short positions in soft-currency. A "business man's Cabinet" in Washington will not go very far with deflationary measures. It will be inclined to follow a "middle course" without taking drastic actions which may lead to a depression and which would make the downfall of Sterling and of other currencies almost inevitable. A "middle course" will make it possible to bypass fatal danger spots. Dollar revenues will no longer be as freely allocated as before. Total dollar expenditures may not decline. But a geographical shift of dollar revenues will take place:

Japan and West-Germany will be able to spend more dollar exchange than during the former year. Spain will also be in a better position and the Spanish peseta may become more attractive to investors and traders. Great Britain and France, however, will still experience an acute dollar shortage. In Latin-America, too, the dollar shortage will continue to harass foreign traders, especially in Brazil while the position of Argentine and of Chile may to some extent improve.

Yet, we shall move towards increased convertibility of soft currencies, and this applies also to Sterling. But the real progress will not be officially announced. In many countries, the foreign exchange authorities are now willing to engage in "experiments" with free markets and adopt a liberal attitude towards many transactions and transfers which were forbidden or restricted a short time ago.

The spirit of foreign exchange liberalism will pervade the control offices of the Bank of England to a greater extent than heretofore. From this point of view, the failure of the London Commonwealth Conference may not be quite as great as it appears to the outsider. There will not be an official adjustment of rates or a beginning of real convertibility for the Pound. But, unofficially, and supported by a general policy towards widening of free markets more opportunities will be opened up for the British foreign trader and banker to handle free market exchange. In many cases, the use of branch offices in London or of British contacts will become of considerable practical use.

SINGAPORE SHARE MARKET

A fair measure of business was transacted in the three and a half days before Christmas. Industrials were generally steady and Tins strong but Rubbers almost completely neglected. Loans too had few dealings.

In the Industrial section four stocks were featured all rising on news. Consolidated Tin Smelters were taken at 21/9 when marine sources reported shipment of a "test" cargo of 1,500 tons of smelter slag to America for extraction of columbite contents. The Board of Gammon Malaya Limited surprised the market with the recommendation of a Twentyfifth Anniversary share bonus issue of one for two now held, to be put to shareholders at a meeting soon. Henry Waugh declared an interim of 10% account 1952 some six months later than a similar announcement in 1951. Wearne Brothers delighted holders with report showing results which eclipse even the splendid performances of the past and bring a balance sheet of extraordinary strength. In the rest of this department Fraser & Neave, Malayan Cement and Straits Traders were slightly easier.

Among Dollar Tins Rantau attracted fresh buyers and were carried up to $3.45, Kesang met an unsatisfied demand at $1.40 and Petaling had good investment buying.

In Malayan registered sterlings, outport buying took Kuala Kampar and Rawang Concessions to fresh heights. Pungah eased on the Chairman's warning that only 18 months work remained in virgin land.

Despite the better commodity market Rubber shares attracted practically no interest buying or selling.

Activity in Loans mostly consisted of belated applications for the Federation 5% Loan, lists for which will close on 8th January.

Business Done 20th-24th December.

Industrials. C.T.S. Ords. 21/9, Fraser & Neave $2.50, Federal Dispensary $2.20, Gammon $3.50, Hammer $2.85, Hongkong Bank (Colonial Register) $745 to $755, Malayan Cement $1.12½ to $1.10, Malayan Collieries $1.47½, McAlister $39.25, Raffles Hotel $2.70, Sime Darby $2.00, Singapore Cold Storage $4.40, Henry Waugh $2.30 & $2.35 c.d., Wearne $2.45 c.d. to $2.35 ex div.

Tins. Batu Selangor $1.57½ c.d., Hong Fatt $1.61½ to $1.57½, Kesang $1.40, Klang River $2.72½ & $2.75 c.d., Kuchai $3.65, Lingui $2.51½ & $2.55 c.d., Petaling $5.97½ to $6.05, Rantau $3.27½ to $3.45.

Austral Amalgamated 17/- to 17/4½, Rights 7/-, Burma Malay 9/3, Kuala Kampar 51/- to 53/6, Larut 15/7½ & 15/9, Pungah 18/10½, Rawang 11/1½ & 11/3, Sungei Bidor 63/6, Lower Perak 16/9.

Lahat 8/10½.

Rubbers. Bedford $1.00.

Sterling Investments. Alliance Trust 100/6, Cassell 6/-, Methuen 16/9.

HONGKONG COMMODITY MARKETS

Survey of the HK Markets for week ended December 27, 1952.

As is understandable, last week's holiday mood somewhat dampened transactions on the HK markets. The only commodities that showed signs of activity were Cotton Yarn, which was stimulated by Government approval of the re-export of up to 25% of imported stock and a revival of interest on the part of exporters to Thailand, Indonesia and Pakistan; and China Produce. In the latter market, transactions were effected by exporters to Europe (aniseed star, rosin (U.K.), egg powder (W. Germany), woodoil (Italy), maize, tea); Singapore (peppermint oil, green tea, brans); Taiwan (crude lacquer, brans, teaseed cake); Australia (woodoil); Japan (rosin); India (China root, hops); Thailand (green tea); North Africa (green tea). Other markets were steady although dull.

Arrivals from China during the week comprised: woodoil 740 drums, groundnut (peanut) oil 242 drums, rapeseed oil 330 tons, citronella oil 100 drums, soyabean oil 60 tons, rosin 2225 cases, cassia lignea 5080 bales, sesamum 11,020 bales, tea 480 cases, raw lacquer 16 drums, feathers 135 bales, ramie 45 bales, raw silk 20 bales, silk waste 335 bales, beans 33,316 bales.

HK Commodity Prices Dec. 22-27, 1952

(Spot sales unless otherwise stated)

(One picul = 133.33 lbs)

Cotton Yarn—HK 20s $1180 & $1310 per bale; 32s $1660. Indian 16s $905 per bale; 32s $1500. Italian 20s $1150 & $1060, $1095 per bale; 42s $2120.

Metals—Mild Steel Round Bars, Europe 40' ⅝" & ¾" $43, 20' 2" $43 per picul; HK make 20'-40' ¼"-½" $42 per picul. Mild Steel Plates 4'x8' 1/16" $82 per picul; Japan 1x2 metres 1/16" $72 per picul. Iron Wire, Galvd, Europe G16 $50, G24 $75 per picul. Wire Nails, kegs, G14 1¼" $56 per picul, G12 1¾" $54, G10 2½" $55, G7 4" $60; Europe under 1" G18 ⅝" $70 per picul, G17 ¾" $63. Galvd Iron Sheets G24 72 cents per lb, G28 76 cents; Japan G31 3'x7' $8.50 per sheet.

Industrial Chemicals—Cresylic Acid, U.K. 448-lb 70 cents per lb. Salicylic Acid $2.80 per lb. Phosphoric Acid $1.85 per lb. Bicarbonate of Soda, refined, U.K. 100-kg bag $40. Calcium Hypochloride 60% 50-kg drum, Japan 48 cents per lb. Gum Arabic, Egypt 76 cents per lb. Lead Oxide, Red, Australia 560-lb barrel $122 per picul.

Paper—Bond, unwatermarked 22"x 34" 32 lbs $24.30 per ream. Manifold 22"x34" 16 lbs white, France $14.20 per ream, Germany $14.50. Newsprint in roll 52gr 31" Norway 40 cents per lb; in ream 50 lbs 31"x43" $22.50 per ream. Cellophane 36"x39", U.K. $86 per ream. MG Cap 17½ lbs coloured Europe $12.80 per ream; white, Austria $10.60, Norway $10.70 per ream. MG Sulphite, Europe 47 lbs brown $35 per ream, 57-160 lbs brown 82/90 cents per lb. Duplex Board 240 lbs, Sweden $125 per ream, Czech $113.

China Produce—Vegetable Oils: Woodoil (Tung Oil) refined in bulk $175 per picul, European offer £200 per ton c&f. Peppermint Oil $21.50 per picul. Other produce: Aniseed Star, Nanning 1q $300 per picul, 2q $285. Cassia Lignea, West River 80-lb bale 2q $57.50 per picul. Crude Lacquer, Shensi $595 per picul. Dried Egg Albumen $5.10 per lb. Dried Egg Yolk $2.85 per lb. Gallnuts, Hankow 1q $34 per picul. Hops, Tientsin (old stock) $60 per picul. Hog Casings, Shanghai (old stock) $2910 per picul. China Root, East River $38 per picul. Groundnut Cake, Tsingtao $27.50 per picul. Gypsum, Hupeh $14.50 per picul. Rice Bran, Changteh $18.15 per picul, Changsha $20.20. Wheat Bran, Hankow $19.50 per picul. Maize, Hankow $29.50 per picul. Menthol Crystals $37 per lb. Rosin, East River A-grade $94 per quintal, B-grade $86, C-grade $82, Mixed grade 2q $68, H-grade $79 per quintal. Sesamum, Unhulled, Kwongchowwan black 1q $73.30 per picul, Tientsin white $60, Hankow brown 1q $57.50. Silk Waste, Canton No. 1/2 $610 per picul. Teaseed Cake, West River $16.50 per picul. Tea: Taiwan Green 1q $418 per picul, Hunan $420.

Survey of the HK Markets for week ended January 3, 1953

For the week Dec. 29—Jan. 3, trading on the commodity markets became somewhat desultory, with the New Year holidays and end-of-the-year settlements in the offing. Cotton Yarn prices remained steady, although few traders put in an appearance at the close. Metals were in demand for despatch to the mainland and prices showed an improvement. The presence of dealers from Canton in the Industrial Chemicals market gave it a stimulation over the first part of the week, but transactions were on a strictly import/export barter basis. Exporters to Taiwan were active in the Paper market, MG sulphite being especially in demand; these requirements satisfied however, the market slowed down. China Produce was sought by exporters to Europe (woodoil, aniseed oil, citronella oil, raw silk); Japan (rosin, unhulled sesamum, wheat bran); Taiwan (teaseed cake); China (citronella oil); North Africa (tea, bitter almond); Singapore (brans, tea); India (cassia lignea); Pakistan (Cassia lignea); South America (tea).

HK Commodity Market Prices Dec. 29, 1952-Jan. 3, 1953

Cotton Yarn—HK 20s $1230 per bale 32s $1575. Indian 26s $1180 per bale. Italian 20s $1100 & $1165, 42s $2130. Belgian 32s $1600.

Metals—Mild Steel Round Bars, Europe 40' ⅞" & 1" $42 per picul; HK make 20'—40' ¼" & ⅜" $42. Mild Steel Plates ⅛" $73 per picul. Aluminium Sheets, Japan 4' x 8' G10 $4.30 per lb, Japan 1 x 2 metres G18 & G20 $3.20 per lb. Galvd Iron Sheets, Japan G31 3' x 7' $9 per sheet. Copper Sheets, Japan 4' x 4' 1/16" $4.40 per lb. Corr. Roofing Iron Sheets 3' x 7' G24 70 cents per lb. Corr. Aluminium Sheets, Europe 2½' x 7' G26 $15 per sheet. Wire Nails kegs G15 1" $54 per picul, G7 4" & G6 5" $60; Europe under 1" G18 ½" $65, 250 kegs 1½"—3" $51 per picul. Misprint Tinplate Waste. Waste, USA $93 per picul. Blackplate 3' x 6' G30/G31 $73 per picul.

Industrial Chemicals—Acid, Stearic, Australia 140-lb bag 72 cents per lb. Borax, gran., USA 100-lb paper bag $38. Calcium Hypochloride 60% 50-kg drum, Japan 47 cents per lb. Lemon Shellac No. 1, India $230 per picul. Lithopone 30%, Belgium 1-cwt bag 31½ cents per lb. Petrolatum Snow-white, USA 400-lb drum 78c per lb.

Paper—Cigarette, Japan 20" x 30" $13.50 per ream. Cellophane, U.K. 36" x 39" $85 per ream. MG Cap 17½ lbs white, Austria $10.70 per ream. MG Sulphite, Europe 47 lbs brown $35 per ream, 40 lbs white 35" x 47" $29, 57-160 lbs brown 82/90 cents per lb. MG Pure Sulphite, Sweden 30" x 40" $12.60 per ream. Bond Paper, watermarked 22" x 34" 32 lbs white $24.80 per ream; unwatermarked 32 lbs $24. Woodfree Printing, Norway 57-60 lbs 75c per lb; Austria, Czech., Holland 65-70 lbs 72c per lb. Newsprint in reel, Norway 52gr 31" 40½ cents per lb; in ream 31" x 43" 50 lbs $2.50 per ream.

China Produce—Vegetable Oils: Woodoil $175 per picul (nominal), £200 per ton c&f Europe. Aniseed Oil 15 deg $650 per picul. Citronella Oil $2.48 per lb. Teaseed Oil 3% ffa $130 per picul. Other Produce: Aniseed Star, Nanning 1q $310 per picul, 2q $285. Cassia Lignea, West River 80-lb bale $58.50 per picul, loose packing $57.50. Dried Egg Yolk $2.85 per lb. Groundnut Cake, Tsingtao $27.50 per picul. Gypsum, Hupeh $14.50 per picul. Rice Bran, Changteh $18.15 per picul, Changsha $20.50; Wheat Bran, Hankow $19.50. Bitter Almond $106 per picul. Menthol Crystals $37 per lb. Rosin, East River A-grade $94 per quintal B-grade $86, C-grade $82, Mixed grade $76, H-grade $79 per quintal. Raw Rosin, Hoihow $75 per picul. Sesamum, Unhulled, Kwongchowwan black 1q $83.50 per picul, Tientsin white $60, Hankow brown 1q $57.50. Silk Waste, Canton No. 1/2 $700 per picul. Tea: Taiwan BOP 2q $280.50 per picul. Minerals: Arsenate, Crude $430 per picul. Tungsten Ore 65% $1100 per picul.

HONGKONG SHARE MARKET

The week Dec. 22—27 was the least active week of the year. Total business reported was $623,726 and total number of shares transacted was 49,321. The quietness and smallness of the market was as expected prior to the Christmas holidays and there was nothing unusual because both sellers and purchasers of shares were busy with social affairs and had little time for share business.

The year 1952 recorded the highest figure of last three years and now exceeds last year's $140,671,899 by over one million dollars and a few days are still to come.

The undertone of the market was quite firm. Public Utilities increased slightly. Telephones increased by another 70c and Telephones (Rights) by 40c. Rubber companies remained inactive.

HONGKONG EXCHANGE & GOLD MARKETS

Gold Market

Date	High .945	Low .945	Macao .99
22nd Dec.	281½	280⅛	292 High
23rd Dec.	281⅛	279¼	
24th Dec.	280¾	279½	
25th Dec.	H O L I D A Y		
26th Dec.	H O L I D A Y		
27th Dec.	281⅝	279½	Low 290

The market was again quiet especially before the Xmas holidays. World prices were higher and exports to Singapore were increasing but these bullish factors were well set off by the news of Stalin's willingness to meet Ike for talking peace and also by the first shipment of 20,000 ounces which arrived in Bangkok, where shipments will now be unloaded continuously with nothing more from the Colony. Lower US$ exchanges supported bearish sentiment. Undertone of the market was on the easy side.

Interest favored sellers and amounted to $2.40 per 10 taels of .945 fine; increasing stock was the reason. Tradings totalled 108,600 taels or averaged 27,150 taels per working day. Positions taken in the fictitious forward market figured at 97,800 taels per average day.

Cash sales totalled 24,190 taels, of which 3,690 taels listed and 20,500 taels arranged privately. Imports were mainly from Macao; a small quantity came from the Philippines. The total amounted to 27,500 taels. One shipment of 40,000 fine ounces arrived in Macao. Exports amounted to 21,000 taels, of which 12,500 taels to Singapore, 5,000 to Indonesia, 3,000 to Japan and Korea and 500 taels to Taiwan. Differences paid for local and Macao .99 fine were $13.80—13.60 and 12.60—12.50 per tael of .945 fine resp.

Cross rates were US$40.45—40.24 per fine ounce. 24,000 fine ounces were contracted at US$40.40—40.05 C.I.F. Macao.

U.S.$

Date	T.T. High	T.T. Low	Notes High	Notes Low	D.D.
22nd Dec.	609	607¾	606½	604½	606¾ High
23rd Dec.	608½	606¼	605½	602⅝	
24th Dec.	606½	605½	603½	602	
25th Dec.			HOLIDAY		
26th Dec.			HOLIDAY		
27th Dec.	606	603½	603¼	601	Low 601
Total Tradings	US$1,040,000		Cash US$426,000	Forward US$4¼ millions	US$230,000

The market was definitely easy and rates were continuously dropping, on the strength of Sterling. There were drops of US$ rates in the Far East. In the T.T. sector, offers came from Taiwan and Japan with only small support from gold importers. In the Notes market, heavy interest against buyers forced bulls to liquidate at losses. Interest for changeover totalled $9.00 per US$1,000 in favor of sellers; continued arrivals from Japan and unloadings by local hoarders were the causes. Positions taken figured at US$5¾ millions. In the D.D. sector, market was quiet; small supply came from the States and the Philippines.

Silver

22nd to 27th December	Bar per tael	$ coin per coin	20¢ coins per 5 coins
High	5.70	3.85	2.82
Low	5.67	3.78	2.78
Total Tradings	1,500 taels	3,500 coins	5,000 coins

Market was quiet and prices dropped in line with US$ exchanges. Little export enquiries and some small quantities imported from Macao and Taiwan.

Far Eastern DD

22nd to 27th December	per HK$100 Malayan $	Peso	US$ Japan	Yen per 10,000	Baht per HK$10.	Piastres per HK$10
High	53.65	$2.07	$6.00	$148½	27.40	85.00
Low	53.70	2.06	5.96	148	27.60	87.00
Total Tradings	M$120,000	Pesos 50,000	US$85,000	Y11 millions	Baht 750,000	Piastres 1½ millions

Taiwan Exchange

22nd to 27th December	per 1,000 Taiwan Notes	Remittance Taiwan	Exchange Gold	Exchange US$
High	$252	265	107	103
Low	250	265	107	103
Total Tradings	Taiwan $500,000	Taiwan $750,000	Nominal	Nominal

Bank Notes

22nd to 27th December	£ stg.	Aust. £	N.Z. £	Egypt £	S. African £	Indian Rp.	Malayan $
High	$15.62	12.40	12.90	13.00	15.00	1.195	1.84
Low	15.57	12.37	12.90	12.90	15.00	1.185	1.83

22nd to 27th December	Canadian $	Peso	Macao Pataca	Yen per 10,000	Piastre per 100	Baht per 100	Indonesia per 100
High	6.15	2.12	.99	154	11.60	33.50	28.00
Low	6.10	2.09	.985	153	11.55	33.30	27.50

Chinese Exchange

22nd to 27th December	per million PB$ Notes	Remittance Canton	Remittance Amoy	Remittance Shanghai	Exchange Gold S'hai	Exchange US$ S'hai
High	$171	200	183	184	86	84
Low	170	200	181	182	86	84
Total Tradings	PB$40 millions	PB$50 millions	PB$75 millions	PB$50 millions	Nominal	Nominal

HONGKONG INCORPORATED COMPANIES

The following new private companies were incorporated in Hongkong during the week ended December 20, 1952:—

Pak Wai Medicine Company, Limited—Chemists, druggists, drysalters, etc.; Nominal Capital, HK$1,000,000; Registered Office, 323, Queen's Road Central, ground floor, Victoria, Hongkong; Subscribers—Kwan Kim Sing, 50, Granville Road. 3rd floor, Kowloon, Merchant; Lam Shuk Yin, 50, Granville Road, 3rd floor, Kowloon, Married Woman.

H. M. Howell and Company, Limited—Importers, exporters, general merchants and commission agents; Nominal Capital, HK$200,000; Registered Office, Chung Tin Building, 4th floor, 5, Des Voeux Road Central, Victoria, Hongkong; Subscribers—Ko Ting Fung, 173, Boundary Street, Kowloon, Merchant; H. M. Howell, 53, The Peak, Hongkong, Merchant.

The Gay Store and Cafe Limited—Store-keepers, grocers, fruiterers and green-grocers, and the business of a restaurant, cafe, etc.; Nominal Capital, HK$155,000; Registered Office, 164A, Prince Edward Road, ground floor, Kowloon; Subscribers—Li Tsz Ho, 146, Boundary Street, ground floor, Kowloon, Merchant; Ip Yun So, 116, Prince Edward Road, 2nd floor, Kowloon, Spinster; Lam Kwok Leung, 4, Temple Street, 1st floor, Kowloon, Merchant; Lai Kam, 65-67, Hau Wong Road, 1st floor, Kowloon, Merchant; S. C. Wong, 8, Dragon Terrace, ground floor, Hongkong, Merchant.

The following new company (limited by guarantee) was incorporated in Hongkong during the week ended December 20, 1952:—

The Indian Chamber of Commerce Hongkong—To promote and protect Home and foreign trade, commerce and shipping and manufactures of the Colony of Hongkong, its dependencies and South China and to represent and express on commercial questions the opinions of the Indian mercantile community in Hongkong; Maximum No. of Members, Unlimited; Registered Office, Dina House, 1st floor, Victoria, Hongkong; Subscribers—H. P. Vasunia, 38, Wyndham Street, Hongkong, Merchant; K. K. Menon, Telephone House, Hongkong, Company Director; P. R. Ragi, 27, Wyndham Street, Hongkong, Merchant; C. R. Jagtiani, 3/5, Duddell Street, Hongkong, Merchant; H. T. Barma, 27, Wyndham Street, Hongkong, Company Director; N. T. Assomull, 11, Duddell Street, Hongkong, Company Director; R. L. Daswani, 35, Wyndham Street, Hongkong, Merchant; J. Kima, 20, Ice House Street, Hongkong, Merchant; M. N. Master, 32, Wyndham Street, Hongkong, Company Director; K. Lalchand, 18-20, On Lan Street, Hongkong, Company Director.

THE SHANGHAI KEDAH PLANTATIONS, LIMITED

(Incorporated under the Companies Ordinance, Hong Kong)

Notice is hereby given that the Twenty-seventh Ordinary General Meeting of the Company will be held at the Registered Office of the Company, 101/2 Edinburgh House, Queen's Road Central, Hong Kong, on Friday, 30th January 1953 at noon, to adopt the Report and Accounts for the year ended 30th September 1952, to declare a dividend, to elect Directors, to elect Auditors and to transact any other ordinary business.

The Transfer Books and Share Register of the Company will be closed from 21st to 30th January 1953, both days inclusive.

By Order of the Directors,
A. R. BURKILL & SONS, LTD.
Secretaries.

Hong Kong, 2nd January 1953.

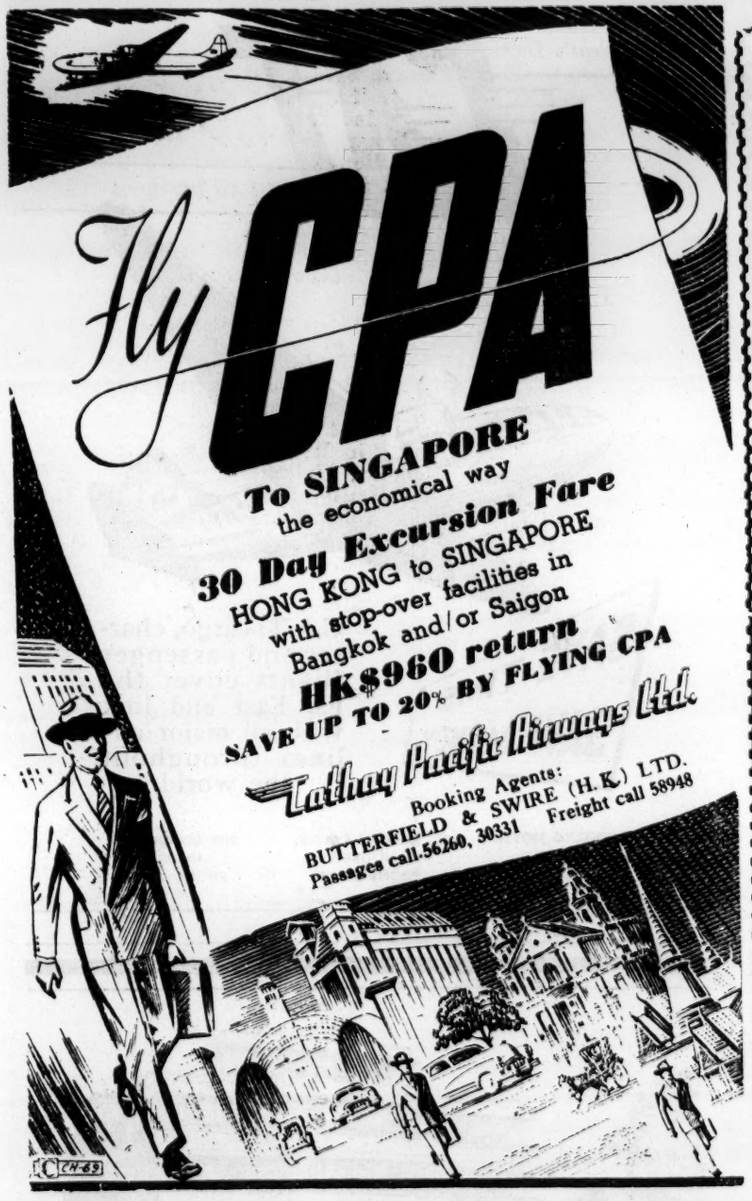
Published and edited by **ERIC E. HALPERN** for and on behalf of The Far Eastern Economic Review Ltd., at 322, Queen's Building, Victoria, Hongkong.—Telephone: 32429. Cables: Ficom.

The Far Eastern Economic Review is published weekly and printed in Hongkong by the Graphic Press Ltd.

• • •

Annual subscription rate: $80. Overseas $93 or £6.0.0 - or US$16.-

Price per single copy: $1.60



A. R. BURKILL & SONS, LTD.

(INCORPORATED IN THE COLONY OF HONGKONG)

IMPORTERS & EXPORTERS

Hongkong: No. 101/2 Edinburgh House, Queen's Road, C.
Shanghai: 1, Chung Shan Lu (E.I.) (The Bund).

Secretaries, General Managers and/or Agents of:—

ANGLO-FRENCH LAND INVESTMENT CO., LTD.
MAJOR BROTHERS, LTD. (PROPRIETORS KIANGSU CHEMICAL WORKS)
BUTE PLANTATIONS (1913), LTD.
CONSOLIDATED RUBBER ESTATES (1914), LTD.
DOMINION RUBBER COMPANY, LTD.
KOTA-BAHROE RUBBER ESTATES (1921), LTD.
SHANGHAI KEDAH PLANTATIONS, LTD.
SHANGHAI PAHANG RUBBER ESTATE, LTD.
SUNGEI DURI RUBBER ESTATE LTD.
TANAH MERAH ESTATES (1916), LTD.

Sole Agents:

ESSEX & SUFFOLK EQUITABLE INSURANCE SOCIETY, LTD.
BRITISH ALUMINIUM CO., LTD., LONDON.
Aluminium of every description.
HOWARDS & SONS, LTD., ILFORD.
Fine chemicals.
THE THERMAL SYNDICATE, LTD., LONDON.
Industrial and Laboratory Silica Ware.
ERINOID LIMITED, STROUD
Polystyrene and Cellulose Acetate Moulding Powders.

W. R. LOXLEY & Co., (CHINA) LTD.

HONGKONG

MERCHANTS

IMPORTERS, EXPORTERS, MANUFACTURERS' REPRESENTATIVES.

SHIPPING

BEN LINE

CABLES

LOXLEY-HONGKONG

INSURANCE

ROYAL INSURANCE COMPANY LIMITED

To

SOUTH AFRICA

and

SOUTH AMERICA V. V.

Regular Monthly Fast Express Service by our well-known vessels
BOISSEVAIN, RUYS, TEGELBERG etc.

To

BRITISH EAST AFRICA

and

SOUTH AFRICA V. V.

Regular Monthly Service
Accepting Transhipment Cargo on Through Bills of Lading
To
West African Destinations

To

SINGAPORE AND INDONESIA

Regular Fast Service by Our New Comfortable Vessels
TJIWANGI/TJILUWAH every 2nd and 16th of each month.

Refrigerated cargo space, cargo oil tanks,
and strongroom compartments available

To

JAPAN AND INDONESIA
(including **BALI**)
Special Holiday Roundtrip Fares

Agents for

HOLLAND EAST ASIA LINE
Fast Regular Monthly Service To Continental Ports

TRAVEL WELL
by
R. I. L.

Offices in Hongkong, Japan, Philippines, Indonesia,
Sydney, Durban, Buenos Aires, Amsterdam.
AGENTS THROUGHOUT THE WORLD

Particulars gladly supplied by

ROYAL INTEROCEAN LINES
King's Bldg. ground floor, Tels. 28015/18. Hong Kong.

The Orient's Own **CAT** *Civil Air Transport*

SAVE TIME
SAVE MONEY

C.A.T. cargo, charter and passenger flights cover the Far East and link with all major airlines throughout the world.

PENINSULA HOTEL ARCADE PHONE 58758
ST. GEORGE'S BLDG. (ICE HOUSE ST.) PHONE 31288
208 EDINBURGH HOUSE PHONE 20057

HOTEL MIRAMAR

The luxurious and only fully air-conditioned hotel in the Colony!

Tel: 58137/8. **Kimberley Road, Kowloon. Hong Kong**

DODWELL & COMPANY LTD.

HONGKONG & SHANGHAI BANK BUILDING

HONG KONG

P.O. Box No. 36 Telephone No. 28021

Importers, Exporters, Shipping and Insurance Agents, Machinery and Contracting Engineers, Refrigeration Engineers, Office Equipment Experts, Wines and Spirits Stockists, Suppliers of Ships' Paints, Provisions and Pharmaceuticals.

HEAD OFFICE:

24, ST. MARY AXE, LONDON, E.C.3

BRANCHES:

HONG KONG	MANILA
TOKYO	NEW YORK
YOKOHAMA	VANCOUVER
NAGOYA	COLOMBO
KOBE	CANTON*
OSAKA	FOOCHOW*

* Business temporarily suspended.

SUBSIDIARIES:—

Dodsal Limited, Bombay.

Dodwell & Co., (Aust.) Pty. Ltd., Australia.

Dodwell & Co. (East Africa) Ltd., Nairobi, Kenya.

JARDINE, MATHESON & CO., LTD.

14/18, PEDDER STREET,
HONG KONG

HONG KONG, CHINA,
JAPAN & KOREA

Importers and Exporters,
Tea and General Merchants,
Insurance, Shipping and
Air Transport

GENERAL MANAGERS:

The Indo-China Steam Navigation Co., Ltd.
The Australia China Line
The Hong Kong Fire Insurance Co., Ltd.
Jardine Aircraft Maintenance Co., Ltd.
Ewo Breweries Limited
Ewo Cotton Mills Limited

GENERAL AGENTS:

The Canton Insurance Office Limited
British Overseas Airways Corporation
Shanghai & Hongkew Wharf Co., Ltd.

AGENTS:

The Glen Line Limited
The Royal Mail Lines Limited
The Prince Line Limited
The Western Canada Steamships Limited
The Pacific Transport Lines, Inc.
Furness Withy & Co., Ltd.
The Union Castle Mail Steamship Co., Ltd.
Alliance Assurance Co., Ltd.
Atlas Assurance Co., Ltd.
Queensland Insurance Co., Ltd.
Guardian Assurance Co., Ltd.
Bankers and Traders Insurance Co., Ltd.
Triton Insurance Co., Ltd.
Lombard Assurance Co., Ltd.
Economic Insurance Co., Ltd.
The Employers' Liability Assurance Corp., Ltd.
The Merchants' Marine Insurance Co., Ltd.
Hong Kong Airways Limited

THE JARDINE ENGINEERING CORPORATION LIMITED.

MAERSK LINE

Managed by

A.P. MOLLER, COPENHAGEN

General Agents U.S.A.

MOLLER STEAMSHIP COMPANY INC., NEW YORK

Fast Fortnightly Sailings To

NEW YORK, BOSTON, BALTIMORE & PHILADELPHIA

via

JAPAN, SAN FRANCISCO, LOS ANGELES & PANAMA

M/S OLGA MAERSK	Jan.	18
M/S HULDA MAERSK	Feb.	2
M/S GERTRUDE MAERSK	Feb.	11

Accepting Transhipment Cargo on Through Bills of Lading for Central and South America, Carribean and Gulf Ports. Special Strongroom Compartments & Refrigerated Cargo Space.

Arrivals from U.S.A.

M/S TREIN MAERSK	Feb.	4
M/S NICOLINE MAERSK	Feb.	16

Arrivals from Persian Gulf & India

M/S ELLEN MAERSK	Jan.	14
M/S AGNETE MAERSK	Feb.	14

Sailings to Djakarta, Semarang Sourabaya, Macassar & Balik Papan, via Manila

M/S VIBEKE MAERSK	Jan.	17
M/S HERTA MAERSK	Jan.	30

For Freight & Further Particulars Please apply to:

JEBSEN & CO.

Agents:

Pedder Building. Tel: 36066-9.

THE HONG KONG EASTERN SHIPPING COMPANY, LIMITED

Shipowners, Shipping Agents & Brokers

French Bank Building, 5 Queen's Road, C.
Private Office & Shipping Department 5th floor, Room 76
Accounts Department - - - - - - 2nd floor, Room 28

Telephones: 32369 (Private Office)
38661 (General Office)
34107 (Accounts Dept.)

Cable Address:
"RYMAC" HONG KONG
CODE USED
NEW BOE
BRANCHES @ TOKYO "SYDNEY" AND DUNGUN (MALAYA)

Correspondents at
LONDON, NEW YORK, MANILA, SINGAPORE, BOMBAY, etc.

Managers:
RYMO PANAMA, S.A.

Shipping Agents:
MITSUI STEAMSHIP CO., LTD., JAPAN
OSAKA SHOSEN KAISHA, JAPAN
KANSAI KISEN KAISHA, JAPAN
SCINDIA STEAM NAV. CO., LTD., BOMBAY
STATES MARINE CORPORATION, NEW YORK
EASTERN MINING & METALS CO., LTD.

Registered Office:
HOLME RINGER & Co., LTD.